

1. **OPENING**
2. **APPLICATIONS FOR LEAVE OF ABSENCE**

Ald P Scholtz
Cllr M Lerm
Cllr M Gillion
Cllr N Sapepa
Cllr J Januarie
Cllr L Krige
Cllr M Ponoane

3. **DRAFT OPERATING AND CAPITAL BUDGET FOR 2013 / 2014, INDICATIVE BUDGET FORECASTS FOR 2014 / 2015 TO 2015 / 2016 AND DRAFT BUDGET RELATED POLICIES**

(ITEM 5.11, PAGE 12 : COUNCIL MEETING : 27 MARCH 2013)

RECOMMENDATION TO THE COUNCIL

that the draft Operating and Capital Budget for 2013/2014, indicative budget forecasts for 2014/2015 to 2015/2016 and the draft budget related policies **be noted**, and that the final budget proposals and budget related policies, taking into account the comments received by the community and all other stakeholders, be considered by Council, at the meeting scheduled to take place on 29 May 2013.

RESPONSIBLE OFFICIAL : H KLEINLOOG

TARGET DATE FOR IMPLEMENTATION : TO BE NOTED

DRAFT OPERATING AND CAPITAL BUDGET FOR 2013/2014, INDICATIVE BUDGET FORECASTS FOR 2014/2015 TO 2015/2016 AND DRAFT BUDGET RELATED POLICIES

5/1/13-2013/2014

BA King

(028) 313 8154

Finance Directorate

19 March 2013

1. Executive Summary/Bestuursopsomming

The purpose of this report is to table the draft Operating and Capital Budget for 2013/2014, indicative budget forecasts for 2014/2015 to 2015/2016 and draft budget related policies.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Finance

Department: Accounting Services & Budget Office

3. Compliance with Strategic Priorities

Provision of democratic and accountable governance

Provision and maintenance of municipal services

Creation and maintenance of a safe and healthy environment

Management and conservation of the natural environment

Promotion of tourism, rural and economic development

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003) (MFMA)

Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

6. Background/Introduction/Discussion/Motivation/Proposal/ Evaluation

Sections 21 to 23 of the MFMA provides for the budget preparation process, the publication of annual budgets for comment and consultations to take place on tabled budgets.

The budget has been compiled taking into account the draft IDP and all inputs from the Budget Steering Committee, Overstrand Municipal Advisory Forum (OMAF), Ward Committees and the administration.

AGENDA of the Mayoral Committee Meeting: 27 March 2013

The report referred to in the Executive Summary will be tabled in Council on 27 March 2013. After the report has been tabled at the Council meeting, same will lie open for inspection for the community and all other stakeholders to make representations during the period 2 April to 3 May 2013. All managers and other officials of the municipality are also encouraged to evaluate and study the content of the draft budget for purposes of submitting their inputs to the Director: Finance on or before 30 April 2013.

After taking into account the submissions made by the community and all other stakeholders, Council will consider the final 2013/2014 budget proposals at a meeting to be held on 29 May 2013.

7. Financial Implications

None

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None at this stage. Comments by officials to be submitted to the Director: Finance on or before 30 April 2013.

10. Annexures

Draft Operating and Capital Budget Report for 2013/2014, indicative budget forecasts for 2014/2015 to 2015/2016 and draft budget related policies to **be tabled at the Council meeting.**

RECOMMENDATION TO THE COUNCIL/AANBEVELING AAN DIE RAAD:

that the draft Operating and Capital Budget for 2013/2014, indicative budget forecasts for 2014/2015 to 2015/2016 and the draft budget related policies **be noted**, and that the final budget proposals and budget related policies, taking into account the comments received by the community and all other stakeholders, be considered by Council, at the meeting scheduled to take place on 29 May 2013.

RESPONSIBLE OFFICIAL : H KLEINLOOG

TARGET DATE FOR IMPLEMENTATION : To be noted

OVERSTRAND MUNICIPALITY



DRAFT BUDGET REPORT

2013/2014

2013/14 TO 2015/16
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

Copies of this document can be viewed:

- **At the offices of all Area Managers**
- **All public libraries within the municipality**
- **At www.overstrand.gov.za**

Table of Contents

PART 1 – ANNUAL BUDGET	1
1.1 MAYOR’S REPORT.....	1
1.2 COUNCIL RESOLUTIONS	1
1.3 EXECUTIVE SUMMARY	2
1.4 OPERATING REVENUE FRAMEWORK	3
1.5 OPERATING EXPENDITURE FRAMEWORK.....	12
1.6 CAPITAL EXPENDITURE	16
1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY.....	18
2 PART 2 – SUPPORTING DOCUMENTATION	38
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS.....	38
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	40
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	46
2.4 OVERVIEW OF BUDGET RELATED-POLICIES	56
2.5 OVERVIEW OF BUDGET ASSUMPTIONS	58
2.6 OVERVIEW OF BUDGET FUNDING	60
2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS	71
2.8 COUNCILLOR AND EMPLOYEE BENEFITS.....	73
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW.....	75
2.10 ANNUAL BUDGETS AND SDBIPs – INTERNAL DEPARTMENTS.....	82
2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS.....	82
2.12 CAPITAL EXPENDITURE DETAILS	82
2.13 LEGISLATION COMPLIANCE STATUS.....	92
2.14 OTHER SUPPORTING DOCUMENTS.....	93
2.15 MUNICIPAL MANAGER’S QUALITY CERTIFICATE.....	ERROR! BOOKMARK NOT DEFINED.

List of Tables

Table 1 Consolidated Overview of the 2013/14 MTREF.....	3
Table 2 Summary of revenue classified by main revenue source	4
Table 3 Percentage growth in revenue by main revenue source.....	5
Table 4 Operating Transfers and Grant Receipts.....	5
Table 5 Comparison of proposed rates to levied for the 2013/14 financial year	8
Table 6 Proposed Water Tariffs – Household consumption.....	8
Table 7 Comparison between current water charges and increases (Other)	9
Table 8 Comparison between current electricity charges and increases (Domestic)	9
Table 9 Comparison between current sanitation charges and increases	10
Table 10 Comparison between current waste removal fees and increases.....	11
Table 11 MBRR Table SA14 – Household bills	12
Table 12 Summary of operating expenditure by standard classification item.....	13
Table 13 Operational repairs and maintenance.....	15
Table 14 Repairs and maintenance per asset class	15
Table 15 2013/14 Medium-term capital budget per vote.....	16
Table 16 MBRR Table A1 - Budget Summary.....	19
Table 17 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)	22

Table 18 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)	24
Table 19 Surplus/(Deficit) calculations for the trading services	25
Table 20 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)	26
Table 21 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source	28
Table 22 MBRR Table A6 - Budgeted Financial Position	30
Table 23 MBRR Table A7 - Budgeted Cash Flow Statement	32
Table 24 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation	32
Table 25 MBRR Table A9 - Asset Management	34
Table 26 MBRR Table A10 - Basic Service Delivery Measurement	36
Table 27 IDP Strategic Objectives	42
Table 28 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue	44
Table 29 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure	45
Table 30 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure	45
Table 31 MBRR Table SA7 - Measurable performance objectives	48
Table 32 MBRR Table SA8 - Performance indicators and benchmarks	53
Table 33 Breakdown of the operating revenue over the medium-term	60
Table 34 Proposed tariff increases over the medium-term	61
Table 35 MBRR SA15 – Detail Investment Information	62
Table 36 MBRR SA16 – Investment particulars by maturity	62
Table 37 Sources of capital revenue over the MTREF	63
Table 38 MBRR Table SA 17 - Detail of borrowings	64
Table 39 MBRR Table SA 18 - Capital transfers and grant receipts	64
Table 40 MBRR Table A7 - Budget cash flow statement	65
Table 41 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation	66
Table 42 MBRR SA10 – Funding compliance measurement	67
Table 43 MBRR SA19 - Expenditure on transfers and grant programmes	71
Table 44 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds	72
Table 45 MBRR SA22 - Summary of councillor and staff benefits	73
Table 46 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)	74
Table 47 MBRR SA24 – Summary of personnel numbers	75
Table 48 MBRR SA25 - Budgeted monthly revenue and expenditure	76
Table 49 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)	77
Table 50 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)	78
Table 51 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)	79
Table 52 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)	80
Table 53 MBRR SA30 - Budgeted monthly cash flow	81
Table 54 MBRR SA 34a - Capital expenditure on new assets by asset class	83
Table 55 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class	84
Table 56 MBRR SA34c - Repairs and maintenance expenditure by asset class	85
Table 57 MBRR SA35 - Future financial implications of the capital budget	86
Table 58 MBRR SA36 - Detailed capital budget per municipal vote	87
Table 59 MBRR SA37 - Projects delayed from previous financial year	91
Table 60 MBRR Table SA1 - Supporting detail to budgeted financial performance	93

Table 61 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)	95
Table 62 MBRR Table SA3 – Supporting detail to Statement of Financial Position	96
Table 63 MBRR Table SA9 – Social, economic and demographic statistics and assumptions	97
Table 64 MBRR SA32 – List of external mechanisms.....	98

List of Figures

Figure 1 Main operational expenditure categories for the 2013/14 financial year	14
Figure 2 Capital Infrastructure Programme.....	17
Figure 3 Expenditure by major type	27
Figure 4 Planning, budgeting and reporting cycle.....	46
Figure 5 Definition of performance information concepts	47
Figure 6 Breakdown of operating revenue over the 2013/14 MTREF.....	60
Figure 7 Sources of capital revenue for the 2013/14 financial year	63
Figure 8 Growth in outstanding borrowing (long-term liabilities)	64

List of Annexures

Annexure A Budget regulation charts
Annexure B Proposed tariffs for 2013/2014
Annexure C Basket of tariffs 2013/2014
Annexure D Capital projects, Ward specific projects & capital projects on hold
Annexure E NT Budget Circulars 66 & 67

Abbreviations and Acronyms

AMR	Automated Meter Reading	MEC	Member of the Executive Committee
BSC	Budget Steering Committee	MFMA	Municipal Finance Management Act
CBD	Central Business District	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MM	Municipal Manager
CPI	Consumer Price Index	MMC	Member of Mayoral Committee
DBSA	Development Bank of South Africa	MPRA	Municipal Properties Rates Act
DoRA	Division of Revenue Act	MSA	Municipal Systems Act
DWA	Department of Water Affairs	MTEF	Medium-term Expenditure Framework
EE	Employment Equity	MTREF	Medium-term Revenue and Expenditure Framework
EEDSM	Energy Efficiency Demand Side Management	NERSA	National Electricity Regulator South Africa
EM	Executive Mayor	NGO	Non-Governmental organisations
FBS	Free basic services	NKPIs	National Key Performance Indicators
GAMAP	Generally Accepted Municipal Accounting Practice	NT	National Treasury
GDP	Gross domestic product	OHS	Occupational Health and Safety
GFS	Government Financial Statistics	OP	Operational Plan
GRAP	General Recognised Accounting Practice	OMAF	Overstrand Municipal Advisory Forum
HR	Human Resources	PBO	Public Benefit Organisations
IDP	Integrated Development Strategy	PMS	Performance Management System
ICT	Information & Communication Technology	PPE	Property Plant and Equipment
kℓ	kilolitre	PPP	Public Private Partnership
km	kilometre	PT	Provincial Treasury
KPA	Key Performance Area	RG	Restructuring Grant
KPI	Key Performance Indicator	SALGA	South African Local Government Association
kWh	kilowatt	SAPS	South African Police Service
ℓ	litre	SDBIP	Service Delivery Budget Implementation Plan
LED	Local Economic Development	SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

The Executive Mayor will deliver her Budget speech with the tabling of the final budget for approval and hereby tables this draft budget for 2013/2014 for comment.

The draft IDP and other draft plan and strategies will also be tabled with this draft budget.

1.2 Council Resolutions

The following is a draft of the resolutions that will be considered for the approval and adoption of the annual budget for 2013/2014:

1. The Council of Overstrand Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 24;
 - 1.1.2. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and
 - 1.1.3. Multi-year and single-year capital appropriations by municipal vote associated funding by source as contained in Table 22 on page 30.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are noted as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 32;
 - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
 - 1.2.4. Asset management as contained in Table 26 on page 36; and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.
2. The Council of Overstrand Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013:
 - 2.1. the tariffs for property rates – as set out in Annexure A,
 - 2.2. the tariffs for electricity – as set out in Annexure A
 - 2.3. the tariffs for the supply of water – as set out in Annexure A
 - 2.4. the tariffs for sanitation services – as set out in Annexure A
 - 2.5. the tariffs for solid waste services – as set out in Annexure A
3. The Council of Overstrand Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013 the tariffs for other services, as set out in Annexure A.
4. To give proper effect to the municipality's annual budget, the Council of Overstrand Local Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from operations and cash backed surplus funds to ensure that any capital reserve, unspent long-term loans and unspent conditional grants are cash backed as

required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

- 4.2. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2013/14 financial year limited to an amount of R40 million per financial year for 2013/2014 & 2014/2015 of the MTREF in terms of Section 46 of the Municipal Finance Management Act.
- 4.3. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non core and 'nice to have' items.

The Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. Encouragement of structured community participation in the matters of the municipality is now a strategic objective.

National Treasury's MFMA Circular No. 66 and 67 were used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Ever aging water, roads, sewage and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2013/14 MTREF process; and
- Maintaining a positive cash.

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

- The 2012/13 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk

electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2013/14 MTREF

	Budget Year 2012/13	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16			
Revenue	657 582	748 031	783 552	848 644	13,75%	4,75%	8,31%
Expenditure	758 982	829 258	866 440	926 417	9,26%	4,48%	6,92%
Surplus / (Deficit)	(40 000)	(47 218)	(59 200)	(53 767)			
Capital	167 500	104 681	69 756	75 208	-37,50%	-33,36%	7,82%

Total operating revenue has grown by 13.75 per cent for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will increase by 4,75 and 8,81 per cent respectively.

Total operating expenditure for the 2013/14 financial year has been appropriated at R748,6m and translates into a budgeted deficit of R47,2m. When compared to the 2012/13 Adjustments Budget, operational expenditure has grown by 9,26 per cent in the 2013/14 budget and by 4,48 and 6,92 per cent for each of the respective outer years of the MTREF.

It should be noted that although the 2013/2014 operational budget and indicative years indicate budgeted deficits, this does not reflect the actual cash position. These circumstances arose as the result of the implementation of GRAP, with special reference to GRAP 17 (Property, Plant and Equipment-PPE). The asset value before depreciation is in excess of R5 billion, which relates to high depreciation charges. Although accurately reflecting asset value, the cost of a substantial portion of these assets has been fully redeemed. The replacement thereof can thus not be recouped via current tariffs as this would lead to taxation in advance of need and no reserves may be established for these purposes.

The capital budget of R104,6m for 2013/14 is 37,5 per cent less when compared to the 2012/13 Adjustment Budget. The reduction is due to the available resources to fund the capital budget. The capital programme decreases to R70m and R75m in the outer years. A substantial portion of the capital budget (50%) will be funded from borrowing over the MTREF with anticipated borrowings of R125m. The balance will be funded from internally generated funds and capital grants. Note that the Municipality has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term. The repayment of capital and interest (debt services costs) has increased over the past five years as a result of the aggressive capital infrastructure programme implemented over the past three years. Consequently, the capital budget remains relatively flat over the medium-term.

1.4 Operating Revenue Framework

For Overstrand to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of the municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will

inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure levels above 95 per cent annual collection rates for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

WC032 Overstrand - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source									
Property rates	114 847	128 737	136 511	147 024	118 129	118 129	131 644	140 918	149 132
Property rates - penalties & collection charges	829	853	995	1 000	1 000	1 000	1 000		
Service charges - electricity revenue	147 488	183 552	224 957	260 510	253 485	253 485	284 936	309 012	333 060
Service charges - water revenue	74 725	74 099	83 909	93 528	89 943	89 943	98 762	106 084	112 966
Service charges - sanitation revenue	36 078	50 381	56 883	58 680	57 007	57 007	60 917	64 148	67 571
Service charges - refuse revenue	33 117	36 945	39 922	47 299	46 792	46 792	52 934	56 530	59 922
Service charges - other									
Rental of facilities and equipment	5 943	6 532	6 732	8 011	8 192	8 192	8 551	9 228	9 958
Interest earned - external investments	3 806	3 705	6 879	5 215	7 715	7 715	7 714	7 714	7 714
Interest earned - outstanding debtors	1 151	2 463	2 331	2 205	2 205	2 205	2 204	2 336	2 476
Dividends received					-	-			
Fines	2 540	5 469	5 278	6 229	6 249	6 249	6 079	6 444	6 830
Licences and permits	1 425	1 711	1 786	1 847	1 857	1 857	2 046	2 116	2 243
Agency services	1 820	1 790	1 907	2 081	2 081	2 081	2 250	2 332	2 477
Transfers recognised - operational	33 457	58 384	36 301	41 033	41 958	41 958	68 984	55 324	72 061
Other revenue	45 770	39 497	8 499	20 765	20 968	20 968	20 011	21 367	22 235
Gains on disposal of PPE	7 026	13 171	2 256						
Total Revenue (excluding capital transfers and contributions)	510 022	607 290	615 146	695 427	657 582	657 582	748 031	783 552	848 644

Table 3 Percentage growth in revenue by main revenue source**WC032 Overstrand - Table A4 Budgeted Financial Performance (revenue and expenditure)**

W0052 Overstrand - Table A4 Budgeted Financial Performance (Revenue and Expenditure)

Description R thousand	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework					
	Full Year Forecast	Budget Year 2013/14		Budget Year +1 2014/15	Budget Year +2 2015/16		
Revenue By Source							
Property rates	118 129	131 644	11,44%	140 918	7,05%	149 132	5,83%
Service charges - electricity revenue	253 485	284 936	12,41%	309 012	8,45%	333 060	7,78%
Service charges - water revenue	89 943	98 762	9,81%	106 084	7,41%	112 966	6,49%
Service charges - sanitation revenue	57 007	60 917	6,86%	64 148	5,31%	67 571	5,34%
Service charges - refuse revenue	46 792	52 934	13,13%	56 530	6,79%	59 922	6,00%
Rental of facilities and equipment	8 192	8 551	4,38%	9 228	7,91%	9 958	7,91%
Interest earned - external investments	7 715	7 714	-0,01%	7 714	0,00%	7 714	0,00%
Interest earned - outstanding debtors	2 205	2 204	-0,06%	2 336	5,99%	2 476	5,99%
Fines	6 249	6 079	-2,72%	6 444	6,00%	6 830	6,00%
Licences and permits	1 857	2 046	10,19%	2 116	3,41%	2 243	6,00%
Agency services	2 081	2 250	8,11%	2 332	3,64%	2 477	6,21%
Transfers recognised - operational	41 958	68 984	64,41%	55 324	-19,80%	72 061	30,25%
Other revenue	20 968	20 011	-4,56%	21 367	6,77%	22 235	4,06%
Total Revenue (excluding capital transfers and contributions)	657 582	748 031		783 552	848 644		

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more 80% of the total revenue mix. In the 2012/13 financial year, revenue from rates and services charges totalled R565m. This increases to R629m, R676m and R723m in the respective financial years of the MTREF. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 99).

After service charges, property rates are the second largest revenue source. The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, fines, and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R69 million in the 2013/14 financial year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:									
Operating Transfers and Grants									
National Government:	23 602	28 670	33 973	39 196	40 224	40 224	45 383	54 548	67 207
Local Government Equitable Share	22 452	26 920	31 156	36 146	36 146	36 146	41 949	52 164	64 741
Finance Management	750	1 000	1 250	1 250	1 250	1 250	1 300	1 450	1 500
Municipal Systems Improvement	400	750	790	800	800	800	890	934	966
EPWP Incentive			777	1 000	2 028	2 028	1 244		
Provincial Government:	5 037	27 508	783	850	1 434	1 434	23 601	776	4 854
Housing	4 235	26 488			300	300	20 045		
Total Operating Transfers and Grants	31 091	73 298	34 756	40 046	41 958	41 958	68 984	55 324	72 061

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1

The following stipulations in the Property Rates Policy are highlighted:

TARIFF CODE	CLASS TAX	TYPE OF PROPERTY	REBATE OR EXEMPTIONS
BUS	General Tax: Commercial	All business, industries, Bed and Breakfast and Guest Houses	No exemptions. Bed and Breakfast as well as Guesthouses can apply before 30 June for the following rebate on the <u>difference between Bus and Res. rate</u> : 1 X lettable room: 100% 2 X lettable rooms: 100% 3 X lettable rooms: 75% 4 X lettable rooms: 50% 5 X lettable rooms: 25%
BUSO	General Tax: Tourism and recreational resorts outside of the municipal service	Hotels, Guest Houses, Cottages, Caravan parks	50% rebate on the tax applicable on commercial property in urban areas.

	areas	and Holiday Resorts, Chalets	
RES	General Tax: Residential properties within the municipal service areas	Single residential properties, Group housing, Retirement Villages, Flats, Sectional Schemes, small holdings not used for bona fide farming purposes	<p>The first R15 000.00 of the rateable value of all residential properties is exempted from property tax.</p> <p>A further R35 000.00 of the rateable value is exempted in respect of all residential properties where a residential completion certificate has been issued and</p> <p>an additional rebate of 20% of the levy calculated on such properties, is granted.</p> <p>Rebate to qualifying property owners as indicated under "Other Rebate"</p>
RESO	General Tax: Residential properties outside of the municipal service area	Single residential properties, Group housing, Retirement Villages, Flats, Sectional Schemes	<p>50% of the tax applicable on residential property in urban areas.</p> <p>Rebate to qualifying property owners as indicated under "Other Rebate"</p>
FARMS	General Tax: Farming Properties	Farms and smallholdings used for bona fide farming purposes outside municipal service area	<p>No exemptions.</p> <p>75% of the tax applicable on residential property in urban areas if the owner provides the council with <u>an affidavit from a registered accounting officer on a business letterhead</u> that the income from farming activities exceeds 40 percent of the household income.</p>
FARMS	Conservation land	Privately owned properties whether designated or used for conservation purposes.	<p>No other rebates are granted.</p> <p><i>See tariff applicable on Farms.</i></p>
REBU2 REBU3 REBU4	Other Rebates	Single residential properties, Group Housing, Retirement Villages, Flats, Sectional Schemes	<ul style="list-style-type: none"> - Property must be occupied permanently; - The applicant must be the registered owner; - Only one residential unit allowed on the property - Applicant may not be the registered owner of more than one property <ul style="list-style-type: none"> • A rebate of 100% to approved applicants, in terms of the Rating Policy, who's household income may not exceed the amount of two times (2X) of state funded social pensions per month; • A rebate of 40% to approved applicants, in terms of the Rating Policy, who are older than 60 with a total household income less than four times (4X) of state funded social pensions per month; • A rebate of 30% to approved applicants, in terms of the Rating Policy, who are older than 60 with a total household income of more than four times (4X) but less than eight times (8X) of state funded social pensions per month.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on a percentages below, to increase from 1 July 2013 is contained below:

Table 5 Comparison of proposed rates to levied for the 2013/14 financial year

RATES TARIFFS 2013/14					
Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
RATES	YEAR OF GENERAL VALUATION: 02 JULY 2011				
RATE1*	Commercial Land and Commercial Improvements	0,00566	0,00566	0,00514	0,00514
					10,12%
RATE2*	Residential Land and Residential Improvements	0,00370	0,00370	0,00346	0,00346
	<i>* See attached schedule of Exemptions and Rebates applicable</i>				6,94%
RATE3	Municipal Properties: Investment Properties	Applicable tariff for Commercial or Residential	Applicable tariff for Commercial or Residential	Applicable tariff for Commercial or Residential	Applicable tariff for Commercial or Residential
RATE4	Municipal Properties: Property, Plant and Equipment	0,00000	0,00000	0,00000	0,00000
RATE5	Improvement District Surcharge (HPP) on total rates payable on approved Improvement District	0,10000	0,10000	0,10000	0,10000
					0,00%
RATE6	Building Clause	Equals to tariff for rates on property	Equals to tariff for rates on property	Equals to tariff for rates on property	Equals to tariff for rates on property
RATE7	Farm/Agriculture	0,00093	0,00093	15% of Residential Tariff	15% of Residential Tariff
RATE8	Undeveloped properties	0,00566	0,00566	new	new
PLEASE NOTE: VAT IS LEVIED AT A RATE OF 0% ON ASSESSMENT RATES					

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase are indicated in the list of tariffs in Annexure B from 1 July 2013. In addition 6 kl water per 30-day period will only be granted free of charge to registered indigents.

A summary of the proposed tariffs for households (residential) are as follows:

Table 6 Proposed Water Tariffs – Household consumption

Tariff Code	Detail	2013/2014		2012/2013		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
W1B	CONSUMPTION - HOUSEHOLDS					
	Normal Tariff					
W1B1	0 - 6 kl per kl	3,07	3,50	0,00	0,00	
W1B2	7 - 18 kl per kl	8,11	9,25	7,46	8,50	8,77%
W1B3	19 - 30 kl per kl	13,16	15,00	12,00	13,68	9,67%
W1B4	31 - 45 kl per kl	20,26	23,10	18,60	21,20	8,95%
W1B5	46 - 60 kl per kl	26,32	30,00	25,18	28,70	4,55%

The tariff structure of the 2013/14 financial year has been changed to include a cost for the first 6kl.. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R30,00 per kilolitre for consumption in excess of 60kl per 30 day period.

The following table shows the impact of the proposed increases in water tariffs on the water charges for other consumers.

Table 7 Comparison between current water charges and increases (Other)

Tariff Code	Detail	2013/2014		2012/2013		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
W1C	CONSUMPTION - ALL OTHER					
	Normal Tariff					
W1C1	0 - 18 kl per kl	8,11	9,25	7,46	8,50	8,77%
W1C2	19 - 30 kl per kl	13,16	15,00	12,00	13,68	
W1C3	31 - 45 kl per kl	20,26	23,10	18,60	21,20	8,95%
W1C4	46 - 60 kl per kl	26,32	30,00	25,18	28,70	
W1C5	>60 kl per kl	35,09	40,00	extra step	extra step	

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 9 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2013.

Considering the Eskom increases, the consumer tariff had to be increased between 3% to 9% to offset the additional bulk purchase cost from 1 July 2013. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs for domestic customers:

Table 8 Comparison between current electricity charges and increases (Domestic)

Tariff Code	Detail		2013/2014		2012/2013			
			Exclude VAT	Include VAT	Exclude VAT	Include VAT		
E1A	Two-Part Tariff: Credit meters up to 60 Amp (13.8 kVA BDMD) (Including Resorts)							
E1A1	Basic Monthly charge per meter	R	192,98	220,00	157,89	180,00	40,00	22,22%
	kWH Unit cost							
E1A2	IBT BLOCK 1 0 - 350 kWh	c	88,68	101,10	86,10	98,15	2,94	3,00%
E1A3	IBT BLOCK 2 351 - 600 kWh	c	120,16	136,98	113,36	129,23	7,75	6,00%
E1A4	IBT BLOCK 3 > 600 kWh	c	144,83	165,10	132,87	151,47	13,63	9,00%
E1B	Two-Part Tariff: Pre-Paid up to 60 Amp (13.8 kVA BDMD) (Included Resorts)							
E1B1	Basic Monthly charge per meter	R	192,98	220,00	157,89	180,00	40,00	22,22%
	kWH Unit cost							
E1B2	IBT BLOCK 1 0 - 350 kWh	c	81,93	93,40	79,54	90,68	2,72	3,00%
E1B3	IBT BLOCK 2 351 - 600 kWh	c	113,23	129,08	106,82	121,77	7,31	6,00%
E1B4	IBT BLOCK 3 > 600 kWh	c	139,20	158,69	127,71	145,59	13,10	9,00%

The stepped tariff for electricity as previously proposed by NERSA has continued. The effect thereof is that the higher the consumption, the higher the cost per kWh. The aim is to subsidise

the lower consumption users (mostly the poor). The municipality will maintain the current stepped structure of its electricity tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the municipality. The commissioning of the 66 KVA substation during 2013/2014 will address some of the challenges.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply) and limited upgrading of networks.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. The taking up of loans as a strategy for funding of the infrastructure is considered to spread the burden over the life span of the assets. As part of the 2013/14 medium-term capital programme, funding has been allocated to electricity infrastructure.

The full proposed tariffs are included in Annexure B.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 10 per cent for sanitation (consumption) and 6,45 per cent for basic charges is proposed from 1 July 2013 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes towards waste water treatment input costs, therefore the higher than CPI increase for sanitation tariffs

The following table compares the current and proposed tariffs:

Table 9 Comparison between current sanitation charges and increases

Tariff Code	Detail	2013/2014		2012/2013			
		Exclude VAT	Include VAT	Exclude VAT	Include VAT		
SE7B	SEWERAGE - GENERAL RESIDENTIAL (Blocks of flats and Residential Buildings)						
SE7B1	0 - 45kl per kl (based on 90% of 50kl water usage) per unit per month	9,65	11,00	8,77	10,00	1,00	10,01%
SE8	BASIC CHARGE						
SE8AR	Basic Monthly Charge Developed sites per erf/unit per month	85,97	98,00	80,70	92,00	6,00	6,52%

1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at below break even. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are general expenditure from rapidly rising petrol and diesel costs and additional contractor costs linked to the closure of Karwyderskraal.

A 11% per cent increase in the waste removal tariff is proposed from 1 July 2013. Higher increases will not be viable in 2013/14 owing to the increases implemented in the previous financial year as well as the overall impact of higher than inflation increases of other services. Any further increase could be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2013:

Table 10 Comparison between current waste removal fees and increases

Tariff Code	Detail	2013/2014		2012/2013		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
SAN1	REFUSE REMOVAL (1 removal per week of 4 bags or 1X240 Bin)	R	R	R	R	
SAN1A1	Residential (All registered erven with approved building plan) 1 x removal per week (R/Month)	122,81	140,00	113,16	129,00	11,00

All proposed refuse tariffs are listed in Annexure B

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a medium and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept below 10 per cent, with the increase for indigent households less than 5 per cent.

Medium Consumption with credit elect meter		2012/13	2013/14	Amount	%
Valuation	R 2 500 000				
Rates		565,13	604,33	39,20	6,94
Sewer	SE7A1+SE8A	234,18	254,85	20,67	8,83
Infrastructure Basic Charge Water, Electricity		40,05	41,70	1,65	4,12
Refuse	1X Per Week	113,16	122,81	9,65	8,53
Electricity Crec	800 kWh	1 008,38	1 093,42	85,04	8,43
Water	25 kl	257,42	304,35	46,93	18,23
VAT		231,45	254,40	22,95	9,92
TOTAL		2 449,76	2 675,86	226,09	9,23
HPP if applicable		56,51	60,43	3,92	6,94
Low Consumption with credit meter		2012/13	2013/14	Amount	%
Valuation	R 1 000 000				
Rates		219,13	234,33	15,20	6,94
Sewer	SE7A1+SE8A	172,79	187,30	14,51	8,40
Infrastructure Basic Charge Water, Electricity		40,05	41,70	1,65	4,12
Refuse	1X Per Week	113,16	122,81	9,65	8,53
Electricity Crec	600 kWh	742,64	803,76	61,12	8,23
Water	15 kl	160,12	187,90	27,78	17,35
VAT		172,03	188,09	16,06	9,34
TOTAL		1 619,91	1 765,88	145,97	9,01
HPP if applicable		21,91	23,43	1,52	6,94
Sub-Economic Consumption		2012/13	2013/14	Amount	%
Valuation	R 50 000				
Rates		0,00	0,00	0,00	0,00
Sewer	SE7A1	22,71	27,02	4,31	18,98
Infrastructure Basic Charge Water, Electricity		40,05	41,70	1,65	4,12
Refuse	1X Per Week	0,00	0,00	0,00	0,00
Electricity Prepr	350 kWh	278,39	286,76	8,37	3,00
Water	10 kl	29,84	32,44	2,60	8,71
VAT		51,94	54,31	2,37	4,56
TOTAL		422,93	442,22	19,29	4,56

Table 11 MBRR Table SA14 – Household bills

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	123,93	134,33	141,26	151,25	151,25	151,25	6,0%	160,33	169,95	180,15
Electricity: Basic levy	131,58	142,11	151,75	157,89	157,89	157,89	22,2%	192,98	204,56	216,83
Electricity: Consumption	539,10	694,90	953,00	1 056,28	1 056,28	1 056,28	5,1%	1 110,51	1 221,56	1 343,72
Water: Basic levy	74,56	80,70	87,72	92,98	92,98	92,98	3,8%	96,49	102,28	108,42
Water: Consumption	148,19	160,05	168,48	224,44	224,44	224,44	21,9%	273,66	290,08	307,48
Sanitation	171,05	242,50	245,92	264,87	264,87	264,87	9,0%	288,62	305,94	324,29
Refuse removal	71,05	76,75	83,33	113,16	113,16	113,16	8,5%	122,81	130,18	137,99
Other										
sub-total	1 259,46	1 531,34	1 831,46	2 060,87	2 060,87	2 060,87	9,0%	2 245,40	2 424,54	2 618,88
VAT on Services										
Total large household bill:	1 259,46	1 531,34	1 831,46	2 060,87	2 060,87	2 060,87	9,0%	2 245,40	2 424,54	2 618,88
% increase/-decrease		21,6%	19,6%	12,5%	-	-		9,0%	8,0%	8,0%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	85,80	93,00	97,80	104,70	104,70	104,70	6,0%	111,00	117,66	124,72
Electricity: Basic levy	131,58	142,11	151,75	157,89	157,89	157,89	22,2%	192,98	204,56	216,83
Electricity: Consumption	269,55	347,45	399,00	438,62	438,62	438,62	1,8%	446,63	491,29	540,42
Water: Basic levy	74,56	80,70	87,72	92,98	92,98	92,98	3,8%	96,49	102,28	108,42
Water: Consumption	114,49	123,65	133,38	164,44	164,44	164,44	26,4%	207,86	220,33	233,55
Sanitation	171,05	216,25	231,74	234,17	234,17	234,17	8,8%	254,84	270,13	286,34
Refuse removal	71,05	76,75	83,33	113,16	113,16	113,16	8,5%	122,81	130,18	137,99
Other										
sub-total	918,08	1 079,91	1 184,72	1 305,96	1 305,96	1 305,96	9,7%	1 432,61	1 536,43	1 648,27
VAT on Services										
Total small household bill:	918,08	1 079,91	1 184,72	1 305,96	1 305,96	1 305,96	9,7%	1 432,61	1 536,43	1 648,27
% increase/-decrease		17,6%	9,7%	10,2%	-	-		9,7%	7,2%	7,3%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 12 Summary of operating expenditure by standard classification item

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Expenditure By Type									
Employee related costs	159 719	187 333	207 938	229 091	227 845	227 845	251 264	271 387	289 009
Remuneration of councillors	4 530	4 840	6 717	7 071	7 101	7 101	7 197	7 677	8 189
Debt impairment	9 507	4 806	(190)	1 000	1 000	1 000			
Depreciation & asset impairment	101 776	106 777	103 780	107 515	107 417	107 417	103 810	105 886	108 004
Finance charges	19 283	19 373	31 727	38 054	38 054	38 054	42 292	44 326	46 628
Bulk purchases	78 006	101 683	126 669	144 421	143 721	143 721	156 893	172 582	189 840
Other materials	45 961	58 239	55 103	12 697	13 279	13 279	15 055	16 219	16 968
Contracted services	14 464	20 253	24 777	69 426	71 861	71 861	80 147	84 966	91 230
Transfers and grants	11 987	23 620	28 454	28 000	35 975	35 975	38 766	41 092	43 557
Other expenditure	110 100	116 278	177 297	153 780	112 727	112 727	133 837	122 306	132 992
Loss on disposal of PPE									
Total Expenditure	555 332	643 201	762 273	791 055	758 982	758 982	829 258	866 440	926 417

The budgeted allocation for employee related costs for the 2013/14 financial year totals R251,2m which equals 30,3 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6,85 per cent for the 2013/14 financial year. An annual increase of 6,63 per cent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. A R7m contingency for vacancies not to be filled, has been provided. This could however have a negative impact on service delivery. In addition expenditure against overtime was investigated for reduction.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of close to 100 per cent and the Debt Write-off Policy of the Municipality. For the 2013/14 financial year this amount equates to a xero provision as the current provision is set to decrease slightly over the medium term.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R103,8 million for the 2013/14 financial and equates to 12,5 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years. This aspect is further highlighted in in para. 1.3 of this report

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 5,09 per cent (R38,7 million) of operating expenditure excluding annual redemption for 2013/14 and increases to R41m by 2014/15. As previously noted, the Municipality has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing – rather it is kept close to 5 per cent over the MTREF.

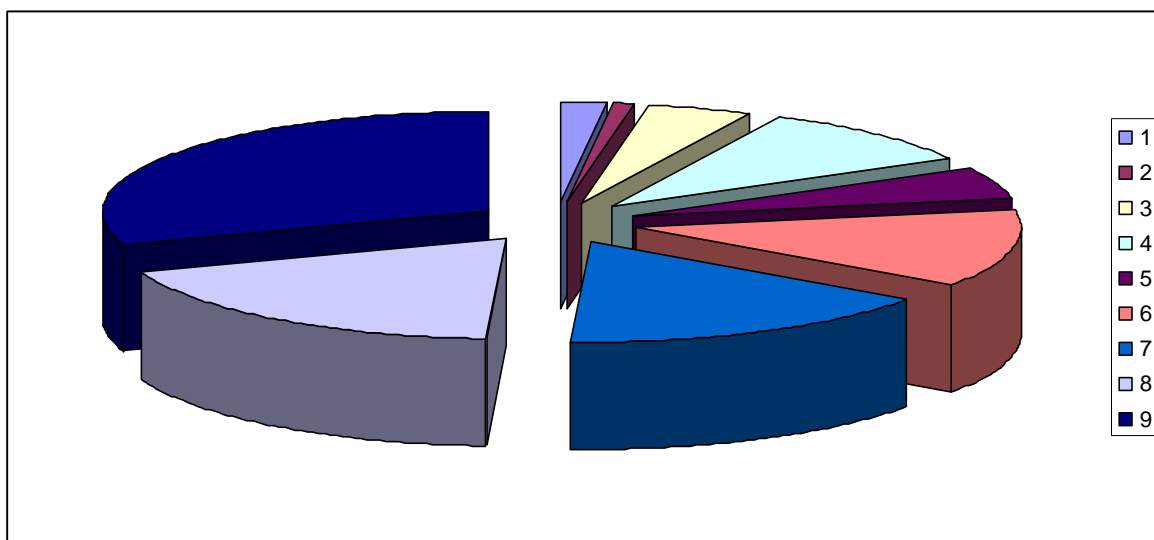
Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprises amongst others the purchase of materials for maintenance, cleaning materials etc.. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure

Contracted services has been identified as a cost saving area for the Municipality. As part of the compilation of the 2013/14 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2013/14 financial year, this group of expenditure totals R80m and has escalated by 11,5 per cent. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

The following table gives a breakdown of the main expenditure categories for the 2013/14 financial year.



- 1 Other materials
- 2 Remuneration of councillors
- 3 Grants and subsidies
- 4 Contracted services
- 5 Finance charges
- 6 Depreciation & asset impairment
- 7 Other expenditure
- 8 Bulk purchases
- 9 Employee related costs

Figure 1 Main operational expenditure categories for the 2013/14 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2013/14 budget and MTREF provide for growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and

maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 13 Operational repairs and maintenance

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
by Expenditure Item									
Employee related costs				39 651	39 651	39 651	37 260	37 784	40 081
Other materials				12 697	12 697	12 697	23 260	25 614	27 174
Contracted Services				58 915	58 915	58 915	54 274	59 766	63 405
Other Expenditure	45 961	58 239	64 845	3 150	3 150	3 150	3 582	4 548	4 956
Total Repairs and Maintenance Expenditure	45 961	58 239	64 845	114 413	114 413	114 413	118 377	127 712	135 616

During the compilation of the 2013/14 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure. As part of the 2013/14 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises on average 14,5 per cent over the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 14 Repairs and maintenance per asset class

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	30 167	38 271	43 120	87 156	87 156	87 156	90 840	96 568	102 398
Infrastructure - Road transport	18 847	25 980	25 843	42 407	42 407	42 407	44 506	47 320	50 153
Roads, Pavements & Bridges	18 196	25 391	25 231	39 842	39 842	39 842	42 232	44 766	47 452
Storm water	651	588	611	2 565	2 565	2 565	2 274	2 554	2 701
Infrastructure - Electricity	4 377	3 998	4 601	14 091	14 091	14 091	14 285	15 169	16 049
Transmission & Reticulation	4 377	3 998	4 601	14 091	14 091	14 091	14 285	15 169	16 049
Infrastructure - Water	2 333	3 568	6 892	21 484	21 484	21 484	22 773	24 139	25 588
Dams & Reservoirs	2 333	3 568	52	82	82	82	87	92	97
Water purification			1 709	1 965	1 965	1 965	2 083	2 208	2 340
Reticulation			5 132	19 437	19 437	19 437	20 604	21 840	23 150
Infrastructure - Sanitation	3 205	3 564	4 568	7 669	7 669	7 669	7 680	8 248	8 815
Reticulation	3 205	3 564	3 687	6 618	6 618	6 618	6 566	7 067	7 563
Sewerage purification			882	1 051	1 051	1 051	1 114	1 181	1 252
Infrastructure - Other	1 405	1 162	1 215	1 505	1 505	1 505	1 596	1 691	1 793
Waste Management	1 405	1 162	1 215	1 505	1 505	1 505	1 596	1 691	1 793
Community	2 941	3 574	6 012	5 218	5 218	5 218	6 151	6 394	6 773
Investment properties	137	199	270	207	207	207	219	233	247
Other assets	12 717	16 195	15 443	21 832	21 832	21 832	21 167	24 517	26 199
Total Repairs and Maintenance Expenditure	45 961	58 239	64 845	114 413	114 413	114 413	118 377	127 712	135 616
R&M as a % of PPE	1,5%	1,9%	2,1%	3,7%	3,7%	3,7%	3,8%	4,2%	4,5%
R&M as % Operating Expenditure	8,3%	9,1%	8,5%	14,5%	15,1%	15,1%	14,3%	14,7%	14,6%

For the 2013/14 financial year, 76,7 per cent or R90,8 million of total repairs and maintenance will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of the infrastructure allocation totalling 49 per cent (R44,5m), followed by water at 25,1 per cent (R22,7m) and electricity at 14,3 per cent (R14,2m).

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The current indigent households amount to 6300 and is reviewed monthly. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 26 MBRR A10 (Basic Service Delivery Measurement) on page 36.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 15 2013/14 Medium-term capital budget per vote

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	1 244	1 748	928	845	1 644	1 644	1 439	669	702
Vote 4 - Finance	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	86 375	90 266	119 308	108 601	131 234	131 234	63 047	51 087	56 006
Vote 6 - Local Economic Development	-	6 973	-	2 418	3 388	3 388	-	-	-
Vote 7 - Infrastructure & Planning	27 752	55 111	42 414	56 883	30 906	30 906	40 194	18 000	18 500
Vote 8 - Protection Services	-	19	645	297	327	327	-	-	-
Total Capital Expenditure - Vote	115 371	154 117	163 295	169 043	167 500	167 500	104 681	69 756	75 208

For 2013/14 an amount of R87,4 has been appropriated for the development of infrastructure which represents 83,5 per cent of the total capital budget. In the outer years this amount totals R57m, 81,1 per cent and R69m, 91,8 per cent respectively for each of the financial years. Electricity infrastructure receives the highest allocation of R40,2m in 2013/14 which equates to 38,4 per cent followed by water infrastructure at 15,2 per cent, R15,9m million and then waste water at 15 per cent, R15,7 million.

Total new assets represent 74,3 per cent or R77,7m of the total capital budget while asset renewal equates to 27,7 per cent or R29,9m. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 36. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 88, 89 and 90). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

Project Description	Amount
New 66kVA S/S	14 261 348
Replacement of Overstrand water pipes	8 400 000
Hermanus parallel road	6 557 914
Eluxolweni - Bulk sewerage for housing project	6 067 513
Baardskeerdersbos Bulk water supply upgrade	5 800 000
Hawston: Upgrade roads	5 159 627
Kleinmond and Gansbaai WWTW Sludge Handling	4 575 000
Kleinmond: Replace Main Substation Switchgear	4 300 000
Gansbaai project- 155 SITES (Housing)	4 200 000
Overhills:Kleinmond Soccer Field	4 102 946
Hawston S/S Upgrade	3 200 000
Sewer network extension -Stanford	3 075 000
Upgrade Kwaiwater Feeder Cables	3 000 000
Zwelihle Electrification -Part 1 (INEG)	3 000 000
Eluxolweni Electrification (INEG)	3 000 000
Apie Le Roux -Franskraal upgrade	2 500 000
Hermanus parallel road(Cycling& pedestrian ways)	2 482 000
Opgradering van Pompstasies	2 000 000

Furthermore, pages 92 to 96 and Annexure C contains a detailed breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent per vote over the MTREF.

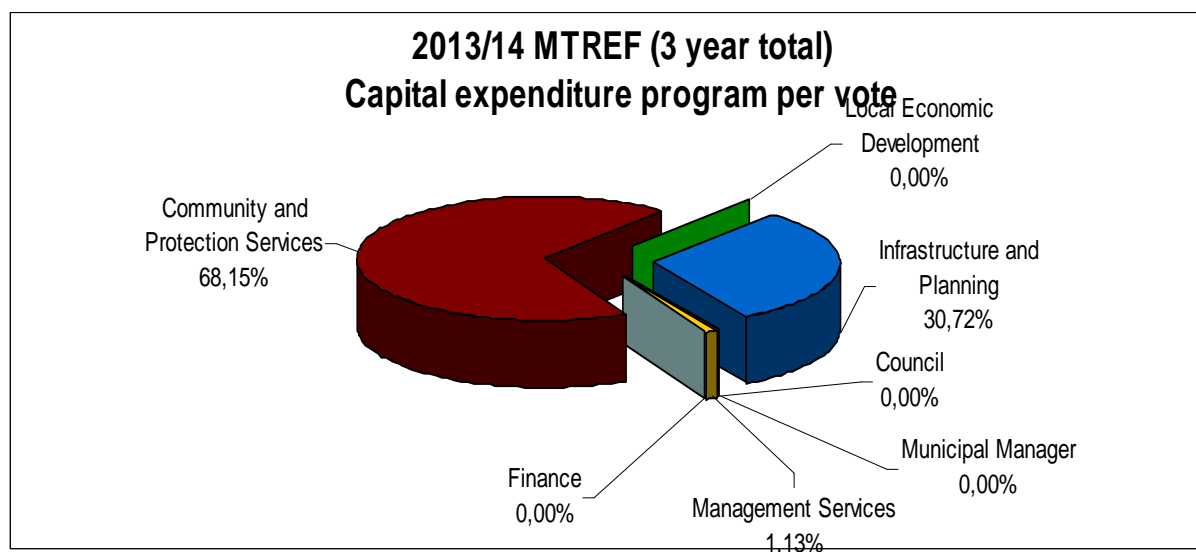


Figure 2 Capital Infrastructure Programme

With the 2011/2012 adjustment budget, projects to be funded from the sale of land (Habonim land), were postponed to future capital budgets dependant on the successful sale of the land. It is Council's policy not to include projects in the next budget approval until the funds from the sale has been deposited in the Council's bank account. A list of the projects is included in Annexure C. Should the money be received timeously, these projects will be included in the 2013/2014 capital budget.

1.6.1 Future operational cost of new infrastructure

At this point in time information is not readily available to include reliable information in Table 61 MBRR SA35 on page 91. A long term financial plan and implementation policy is set to be implemented to encompass costs over the long term. It needs to be noted that as part of the 2013/14 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 16 MBRR Table A1 - Budget Summary

Description R thousands	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance									
Property rates	115 677	129 591	137 506	148 024	119 129	119 129	132 644	140 918	149 132
Service charges	291 407	344 977	405 670	460 017	447 228	447 228	497 549	535 775	573 519
Investment revenue	3 806	3 705	6 879	5 215	7 715	7 715	7 714	7 714	7 714
Transfers recognised - operating	33 457	58 384	36 301	41 033	41 958	41 958	68 984	55 324	72 061
Other own revenue	65 675	70 633	28 789	41 138	41 552	41 552	41 141	43 822	46 218
Total Revenue (excluding capital transfers and contributions)	510 022	607 290	615 146	695 427	657 582	657 582	748 031	783 552	848 644
Employee costs	159 719	187 333	207 938	229 091	227 845	227 845	251 264	271 387	289 009
Remuneration of councillors	4 530	4 840	6 717	7 071	7 101	7 101	7 197	7 677	8 189
Depreciation & asset impairment	101 776	106 777	103 780	107 515	107 417	107 417	103 810	105 886	108 004
Finance charges	19 283	19 373	31 727	38 054	38 054	38 054	42 292	44 326	46 628
Materials and bulk purchases	123 967	159 923	181 772	157 118	157 000	157 000	171 947	188 801	206 808
Transfers and grants	11 987	23 620	28 454	28 000	35 975	35 975	38 766	41 092	43 557
Other expenditure	134 070	141 337	201 884	224 206	185 588	185 588	213 983	207 271	224 222
Total Expenditure	555 332	643 201	762 273	791 055	758 982	758 982	829 258	866 440	926 417
Surplus/(Deficit)	(45 310)	(35 911)	(147 127)	(95 627)	(101 399)	(101 399)	(81 227)	(82 887)	(77 773)
Transfers recognised - capital	20 724	24 085	59 121	64 042	61 399	61 399	32 926	23 687	24 006
Contributions recognised - capital	6 668	21 561	14 300	6 600	–	–	1 083	–	–
Surplus/(Deficit) after capital transfers & contributions	(17 918)	9 735	(73 705)	(24 985)	(40 000)	(40 000)	(47 218)	(59 200)	(53 767)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(17 918)	9 735	(73 705)	(24 985)	(40 000)	(40 000)	(47 218)	(59 200)	(53 767)
Capital expenditure & funds sources									
Capital expenditure	115 371	154 117	163 295	169 043	167 500	167 500	104 681	69 756	75 208
Transfers recognised - capital	20 724	23 791	20 447	62 459	72 267	72 267	33 536	23 687	24 006
Public contributions & donations	–	4 966	7 546	8 183	516	516	1 083	–	–
Borrowing	70 000	86 942	99 489	83 901	77 146	77 146	59 861	40 000	45 000
Internally generated funds	24 647	38 418	35 812	14 500	17 572	17 572	10 200	6 069	6 202
Total sources of capital funds	115 371	154 117	163 295	169 043	167 500	167 500	104 681	69 756	75 208
Financial position									
Total current assets	118 262	211 644	210 056	168 534	188 406	178 406	179 226	187 424	198 520
Total non current assets	3 093 265	3 144 498	3 185 767	3 217 794	3 176 849	3 176 849	3 183 042	3 152 309	3 124 955
Total current liabilities	105 182	129 879	136 076	128 739	119 548	119 548	130 088	141 433	150 717
Total non current liabilities	252 205	344 496	451 677	490 304	493 437	483 437	527 115	552 429	580 648
Community wealth/Equity	2 854 140	2 881 767	2 808 069	2 767 284	2 752 270	2 752 270	2 705 065	2 645 872	2 592 111
Cash flows									
Net cash from (used) operating	60 579	66 499	99 001	107 245	96 321	96 321	65 703	56 942	61 162
Net cash from (used) investing	(99 846)	(111 146)	(151 794)	(160 205)	(158 662)	(158 662)	(109 992)	(75 153)	(80 648)
Net cash from (used) financing	57 030	85 027	109 489	38 460	37 160	27 160	36 973	22 877	25 613
Cash/cash equivalents at the year end	29 623	70 004	126 699	87 646	101 518	91 518	84 202	88 867	94 994

Cash backing/surplus reconciliation									
Cash and investments available	32 255	71 265	132 391	98 666	112 538	112 538	100 581	110 658	122 239
Application of cash and investm	(9 525)	2 175	(1 112)	(9 790)	(25 232)	(25 232)	(18 156)	(12 542)	(6 104)
Balance - surplus (shortfall)	41 780	69 090	133 503	108 456	137 771	137 771	118 737	123 200	128 343
Asset management									
Asset register summary (WDV)	69 702	90 827	91 370	90 711	90 711	90 711	95 644	100 436	105 352
Depreciation & asset impairment	101 776	106 777	103 780	107 515	107 417	107 417	103 810	105 886	108 004
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	-	-
Free services									
Cost of Free Basic Services pro	11 800	29 547	28 649	34 088	-	-	-	-	-
Revenue cost of free services p	21 642	58 418	49 083	48 645	-	-	-	-	-
Households below minimum service level									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	1	-	1	2	2	3
Refuse:	-	-	-	-	-	75 000	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;
 - Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
- The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2013/14, when a small surplus is reflected.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2013/14 the water backlog will have been very nearly eliminated.

Table 17 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Revenue - Standard									
<i>Governance and administration</i>	189 414	215 943	194 017	213 907	179 290	179 290	198 408	218 743	244 652
Executive and council	24 266	27 515	31 553	40 194	37 802	37 802	43 363	53 653	66 243
Budget and treasury office	128 709	143 626	147 583	164 346	138 372	138 372	152 769	162 861	171 884
Corporate services	36 438	44 803	14 881	9 367	3 117	3 117	2 277	2 229	6 526
<i>Community and public safety</i>	33 745	66 038	22 776	36 058	48 227	48 227	52 154	30 267	30 069
Community and social services	1 752	1 736	2 155	2 042	2 292	2 292	2 078	2 290	2 410
Sport and recreation	6 865	6 118	6 608	8 808	9 215	9 215	11 509	14 502	13 394
Public safety	6 425	9 337	10 048	11 288	12 467	12 467	12 393	13 014	13 783
Housing	18 703	48 848	3 965	13 919	24 254	24 254	26 174	460	482
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	7 924	14 932	16 246	20 555	19 985	19 985	18 913	17 185	5 743
Planning and development	6 517	11 911	12 084	8 464	9 393	9 393	4 908	3 724	3 948
Road transport	1 274	2 691	3 863	12 029	10 529	10 529	13 938	13 389	1 719
Environmental protection	133	329	299	63	63	63	68	72	76
<i>Trading services</i>	306 331	356 023	455 529	495 549	471 480	471 480	512 566	541 044	592 186
Electricity	154 565	189 093	227 884	263 628	255 520	255 520	292 279	312 277	335 341
Water	76 783	76 312	108 343	114 629	100 611	100 611	99 682	106 450	119 233
Waste water management	41 755	53 541	79 221	69 723	68 280	68 280	67 584	65 696	77 593
Waste management	33 228	37 078	40 081	47 569	47 069	47 069	53 020	56 621	60 019
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	537 414	652 937	688 567	766 069	718 982	718 982	782 040	807 239	872 650
Expenditure - Standard									
<i>Governance and administration</i>	157 703	110 149	125 277	130 149	112 140	112 140	121 288	128 282	136 849
Executive and council	45 436	38 588	53 351	46 850	62 267	62 267	67 085	66 180	69 879
Budget and treasury office	65 716	46 383	43 978	52 213	21 732	21 732	24 726	31 192	35 011
Corporate services	46 551	25 178	27 948	31 087	28 141	28 141	29 478	30 910	31 959
<i>Community and public safety</i>	74 113	83 864	138 824	102 612	99 270	99 270	122 618	116 443	123 876
Community and social services	22 208	25 861	28 217	32 509	29 319	29 319	30 554	34 580	37 056
Sport and recreation	14 304	17 449	18 030	24 049	21 615	21 615	21 265	24 293	25 359
Public safety	24 331	32 874	36 785	39 804	42 284	42 284	44 085	50 296	53 697
Housing	13 270	7 681	55 792	6 250	6 052	6 052	26 714	7 274	7 763
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	80 042	111 966	124 769	132 649	130 561	130 561	140 057	142 267	149 360
Planning and development	19 285	21 743	33 459	31 334	31 424	31 424	30 888	31 507	33 332
Road transport	53 885	83 509	85 308	93 215	92 252	92 252	101 332	102 023	107 077
Environmental protection	6 872	6 714	6 002	8 100	6 885	6 885	7 837	8 738	8 952
<i>Trading services</i>	243 474	337 222	373 403	425 644	417 011	417 011	445 295	479 447	516 332
Electricity	123 237	171 365	200 844	227 137	225 211	225 211	244 306	264 919	286 206
Water	62 837	71 266	80 360	89 359	86 469	86 469	92 079	99 702	104 643
Waste water management	33 136	43 147	48 241	59 263	58 592	58 592	60 149	64 328	67 620
Waste management	24 264	51 445	43 959	49 886	46 738	46 738	48 760	50 498	57 863
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	555 332	643 201	762 273	791 055	758 982	758 982	829 258	866 440	926 417
Surplus/(Deficit) for the year	(17 918)	9 735	(73 705)	(24 985)	(40 000)	(40 000)	(47 218)	(59 200)	(53 767)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 18 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Revenue by Vote</u>									
Vote 1 - Council	24 290	27 515	31 483	40 131	37 738	37 738	43 285	53 570	66 155
Vote 2 - Municipal Manager	–	–	–	–	–	–	–	–	–
Vote 3 - Management Services	645	892	1 264	1 488	1 638	1 638	866	917	973
Vote 4 - Finance	128 709	143 626	147 583	164 346	138 372	138 372	152 769	162 861	171 884
Vote 5 - Community Services	181 047	227 608	245 739	269 865	263 588	263 588	275 474	260 804	280 491
Vote 6 - Local Economic Development	2 264	7 520	5 402	4 105	5 127	5 127	1 244	–	–
Vote 7 - Infrastructure & Planning	194 034	236 438	247 050	274 846	260 052	260 052	296 010	316 073	339 365
Vote 8 - Protection Services	6 425	9 337	10 048	11 288	12 467	12 467	12 393	13 014	13 783
Total Revenue by Vote	537 414	652 937	688 567	766 069	718 982	718 982	782 040	807 239	872 650
<u>Expenditure by Vote to be appropriated</u>									
Vote 1 - Council	42 985	31 350	41 790	39 456	54 306	54 306	57 699	56 883	60 334
Vote 2 - Municipal Manager	2 451	879	940	1 454	977	977	1 949	2 066	2 223
Vote 3 - Management Services	25 904	10 899	12 515	11 193	7 716	7 716	10 681	12 212	12 394
Vote 4 - Finance	65 716	46 383	43 978	52 213	21 732	21 732	24 726	31 192	35 011
Vote 5 - Community Services	236 648	297 638	372 748	366 913	354 380	354 380	394 956	396 516	421 634
Vote 6 - Local Economic Development	1 988	3 068	5 347	8 364	7 905	7 905	8 303	8 143	8 509
Vote 7 - Infrastructure & Planning	155 009	220 110	248 170	271 660	269 681	269 681	286 859	309 131	332 617
Vote 8 - Protection Services	24 630	32 874	36 785	39 804	42 284	42 284	44 085	50 296	53 697
Total Expenditure by Vote	555 332	643 201	762 273	791 055	758 982	758 982	829 258	866 440	926 417
Surplus/(Deficit) for the year	(17 918)	9 735	(73 705)	(24 985)	(40 000)	(40 000)	(47 218)	(59 200)	(53 767)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 19 Surplus/(Deficit) calculations for the trading services

TRADING SERVICES		2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Electricity										
	Revenue (incl. Capital Grants)	154 565	189 093	227 884	263 628	255 520	255 520	292 279	312 277	335 341
	Expenditure	123 237	171 365	200 844	227 137	225 211	225 211	244 306	264 919	286 206
	Surplus/(Deficit)	31 328	17 728	27 040	36 491	30 308	30 308	47 973	47 358	49 135
	Percentage Surplus	25,4%	10,3%	13,5%	16,1%	13,5%	13,5%	19,6%	17,9%	17,2%
Water										
	Revenue (incl. Capital Grants)	76 783	76 312	108 343	114 629	100 611	100 611	99 682	106 450	119 233
	Expenditure	62 837	71 266	80 360	89 359	86 469	86 469	92 079	99 702	104 643
	Surplus/(Deficit)	13 946	5 046	27 983	25 270	14 142	14 142	7 603	6 748	14 590
	Percentage Surplus	22,2%	7,1%	34,8%	28,3%	16,4%	16,4%	8,3%	6,8%	13,9%

2. The electricity trading surplus is constant over the 2013/14 MTREF.
3. The surplus on the water account remains relatively constant over the MTREF.

Table 20 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Revenue By Source									
Property rates	114 847	128 737	136 511	147 024	118 129	118 129	131 644	140 918	149 132
Property rates - penalties & collection charges	829	853	995	1 000	1 000	1 000	1 000		
Service charges - electricity revenue	147 488	183 552	224 957	260 510	253 485	253 485	284 936	309 012	333 060
Service charges - water revenue	74 725	74 099	83 909	93 528	89 943	89 943	98 762	106 084	112 966
Service charges - sanitation revenue	36 078	50 381	56 883	58 680	57 007	57 007	60 917	64 148	67 571
Service charges - refuse revenue	33 117	36 945	39 922	47 299	46 792	46 792	52 934	56 530	59 922
Service charges - other									
Rental of facilities and equipment	5 943	6 532	6 732	8 011	8 192	8 192	8 551	9 228	9 958
Interest earned - external investments	3 806	3 705	6 879	5 215	7 715	7 715	7 714	7 714	7 714
Interest earned - outstanding debtors	1 151	2 463	2 331	2 205	2 205	2 205	2 204	2 336	2 476
Dividends received					-	-			
Fines	2 540	5 469	5 278	6 229	6 249	6 249	6 079	6 444	6 830
Licences and permits	1 425	1 711	1 786	1 847	1 857	1 857	2 046	2 116	2 243
Agency services	1 820	1 790	1 907	2 081	2 081	2 081	2 250	2 332	2 477
Transfers recognised - operational	33 457	58 384	36 301	41 033	41 958	41 958	68 984	55 324	72 061
Other revenue	45 770	39 497	8 499	20 765	20 968	20 968	20 011	21 367	22 235
Gains on disposal of PPE	7 026	13 171	2 256						
Total Revenue (excluding capital transfers and contributions)	510 022	607 290	615 146	695 427	657 582	657 582	748 031	783 552	848 644
Expenditure By Type									
Employee related costs	159 719	187 333	207 938	229 091	227 845	227 845	251 264	271 387	289 009
Remuneration of councillors	4 530	4 840	6 717	7 071	7 101	7 101	7 197	7 677	8 189
Debt impairment	9 507	4 806	(190)	1 000	1 000	1 000			
Depreciation & asset impairment	101 776	106 777	103 780	107 515	107 417	107 417	103 810	105 886	108 004
Finance charges	19 283	19 373	31 727	38 054	38 054	38 054	42 292	44 326	46 628
Bulk purchases	78 006	101 683	126 669	144 421	143 721	143 721	156 893	172 582	189 840
Other materials	45 961	58 239	55 103	12 697	13 279	13 279	15 055	16 219	16 968
Contracted services	14 464	20 253	24 777	69 426	71 861	71 861	80 147	84 966	91 230
Transfers and grants	11 987	23 620	28 454	28 000	35 975	35 975	38 766	41 092	43 557
Other expenditure	110 100	116 278	177 297	153 780	112 727	112 727	133 837	122 306	132 992
Loss on disposal of PPE									
Total Expenditure	555 332	643 201	762 273	791 055	758 982	758 982	829 258	866 440	926 417
Surplus/(Deficit)	(45 310)	(35 911)	(147 127)	(95 627)	(101 399)	(101 399)	(81 227)	(82 887)	(77 773)
Transfers recognised - capital	20 724	24 085	59 121	64 042	61 399	61 399	32 926	23 687	24 006
Contributions recognised - capital	6 668	21 561	14 300	6 600	-	-	1 083	-	-
Contributed assets									
Surplus/(Deficit) after capital transfers & contributions	(17 918)	9 735	(73 705)	(24 985)	(40 000)	(40 000)	(47 218)	(59 200)	(53 767)
Taxation									
Surplus/(Deficit) after taxation	(17 918)	9 735	(73 705)	(24 985)	(40 000)	(40 000)	(47 218)	(59 200)	(53 767)
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	(17 918)	9 735	(73 705)	(24 985)	(40 000)	(40 000)	(47 218)	(59 200)	(53 767)
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	(17 918)	9 735	(73 705)	(24 985)	(40 000)	(40 000)	(47 218)	(59 200)	(53 767)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R657 582 million in 2012/13 and escalates to R748 031 million by 2013/14. This represents a year-on-year increase of 13.75 per cent for the 2013/14 financial year.
2. Revenue to be generated from property rates is R118 129 million in the 2012/13 financial year and increases to R131 644 million by 2013/14 which represents 17.6 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 7 per cent, 7 per cent and 6 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R447 228 million for the 2012/13 financial year and increasing to R497 549 million by 2013/14. For the 2013/14 financial year services charges amount to 66.5 per cent of the total revenue base and grows by 2 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 64.4 per cent.
5. The following graph illustrates the major expenditure items per type.

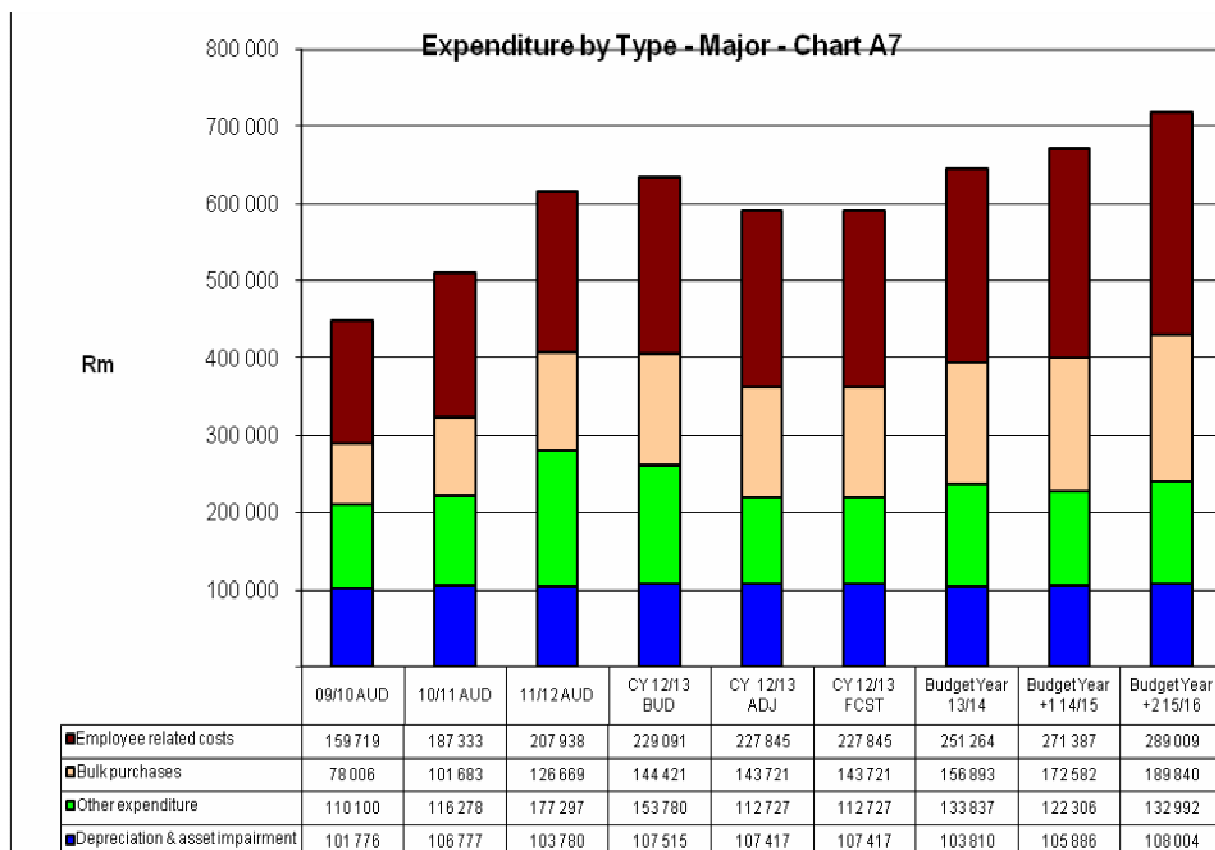


Figure 3 Expenditure by major type

6. Bulk purchases have significantly increased over the 2009/10 to 2013/14 period escalating from R78 million to R156 893 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 21 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	1 244	1 748	928	845	1 644	1 644	1 439	669	702
Vote 4 - Finance	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	86 375	90 266	119 308	108 601	131 234	131 234	63 047	51 087	56 006
Vote 6 - Local Economic Development	-	6 973	-	2 418	3 388	3 388	-	-	-
Vote 7 - Infrastructure & Planning	27 752	55 111	42 414	56 883	30 906	30 906	40 194	18 000	18 500
Vote 8 - Protection Services	-	19	645	297	327	327	-	-	-
Capital multi-year expenditure sub-total	115 371	154 117	163 295	169 043	167 500	167 500	104 681	69 756	75 208
Single-year expenditure to be appropriated									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	-	-	-	-	-	-	-	-	-
Vote 4 - Finance	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	-	-	-	-	-	-	-	-	-
Vote 6 - Local Economic Development	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	-	-	-	-	-	-	-	-	-
Vote 8 - Protection Services	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote	115 371	154 117	163 295	169 043	167 500	167 500	104 681	69 756	75 208
Capital Expenditure - Standard									
Governance and administration	1 834	28 713	24 067	13 100	7 672	7 672	7 477	6 069	6 202
Executive and council									
Budget and treasury office									
Corporate services	1 834	28 713	24 067	13 100	7 672	7 672	7 477	6 069	6 202
Community and public safety	18 326	8 880	3 319	16 875	28 103	28 103	9 792	6 620	5 269
Community and social services	17 243		327	1 300	2 203	2 203			
Sport and recreation	1 083	1 743	1 531	1 698	2 024	2 024	4 103	6 620	5 269
Public safety		19	645	297	327	327			
Housing		7 118	817	13 580	23 548	23 548	5 689		
Health									
Economic and environmental services	26 529	27 896	8 340	14 138	14 108	14 108	14 200	13 155	1 719
Planning and development		6 973	2 864	2 418	3 388	3 388			
Road transport	26 529	20 923	5 477	11 720	10 720	10 720	14 200	13 155	1 719
Environmental protection									
Trading services	68 682	88 628	127 569	124 931	117 617	117 617	73 212	43 912	62 018
Electricity	27 752	32 411	30 061	50 283	28 441	28 441	40 194	18 000	18 500
Water	29 797	34 053	57 384	50 128	58 919	58 919	15 900	21 412	27 169
Waste water management	5 139	20 304	39 927	17 520	23 257	23 257	15 718	4 500	16 348
Waste management	5 993	1 859	196	7 000	7 000	7 000	1 400		
Other									
Total Capital Expenditure - Standard	115 371	154 117	163 295	169 043	167 500	167 500	104 681	69 756	75 208
Funded by:									
National Government	12 566	17 443	18 854	47 082	48 383	48 383	25 355	23 687	24 006
Provincial Government	8 157	6 348	1 593	15 377	23 884	23 884	8 181		
District Municipality									
Other transfers and grants									
Transfers recognised - capital	20 724	23 791	20 447	62 459	72 267	72 267	33 536	23 687	24 006
Public contributions & donations		4 966	7 546	8 183	516	516	1 083		
Borrowing	70 000	86 942	99 489	83 901	77 146	77 146	59 861	40 000	45 000
Internally generated funds	24 647	38 418	35 812	14 500	17 572	17 572	10 200	6 069	6 202
Total Capital Funding	115 371	154 117	163 295	169 043	167 500	167 500	104 681	69 756	75 208

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. The capital expenditure amounts to R104,681 million in 2013/14.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from current year surpluses. For 2013/14, capital transfers totals R33 536 million. Borrowing has been provided at R59 861 million over the MTREF with internally generated funding totaling R10 200 million, R6 069 million and R6 202 million for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 22 MBRR Table A6 - Budgeted Financial Position

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
ASSETS									
Current assets									
Cash	29 623	70 004	126 699	87 646	101 518	91 518	84 202	88 867	94 994
Call investment deposits	–	–	–	–	–	–	–	–	–
Consumer debtors	34 579	44 422	50 320	50 309	50 309	50 309	55 796	56 867	58 091
Other debtors	49 671	45 628	25 935	23 465	29 465	29 465	31 728	33 786	37 106
Current portion of long-term receivables	31	24	25	24	24	24	14	14	12
Inventory	4 358	51 567	7 076	7 089	7 089	7 089	7 486	7 891	8 317
Total current assets	118 262	211 644	210 056	168 534	188 406	178 406	179 226	187 424	198 520
Non current assets									
Long-term receivables	169	147	126	110	110	110	73	59	47
Investments	2 632	1 262	5 691	11 020	11 020	11 020	16 379	21 791	27 245
Investment property	66 838	87 989	87 823	87 289	87 289	87 289	87 289	87 289	87 289
Investment in Associate									
Property, plant and equipment	3 003 263	3 024 361	3 065 757	3 115 953	3 075 008	3 075 008	3 075 258	3 038 860	3 005 898
Agricultural									
Biological									
Intangible	2 864	2 838	3 547	3 422	3 422	3 422	4 043	4 310	4 476
Other non-current assets	17 499	27 902	22 823						
Total non current assets	3 093 265	3 144 498	3 185 767	3 217 794	3 176 849	3 176 849	3 183 042	3 152 309	3 124 955
TOTAL ASSETS	3 211 527	3 356 142	3 395 823	3 386 328	3 365 255	3 355 255	3 362 268	3 339 733	3 323 476
LIABILITIES									
Current liabilities									
Bank overdraft									
Borrowing	9 265	14 218	17 421	18 401	18 401	18 401	20 623	23 298	25 956
Consumer deposits	13 893	18 363	31 206	34 914	34 914	34 914	38 618	42 716	47 248
Trade and other payables	75 772	90 828	79 895	63 992	59 794	59 794	64 016	68 162	69 811
Provisions	6 252	6 471	7 554	11 432	6 439	6 439	6 831	7 257	7 702
Total current liabilities	105 182	129 879	136 076	128 739	119 548	119 548	130 088	141 433	150 717
Non current liabilities									
Borrowing	171 476	247 081	340 581	372 042	370 742	360 742	391 789	407 893	426 316
Provisions	80 728	97 414	111 097	118 262	122 695	122 695	135 325	144 535	154 332
Total non current liabilities	252 205	344 496	451 677	490 304	493 437	483 437	527 115	552 429	580 648
TOTAL LIABILITIES	357 387	474 375	587 754	619 043	612 985	602 985	657 203	693 861	731 365
NET ASSETS	2 854 140	2 881 767	2 808 069	2 767 284	2 752 270	2 752 270	2 705 065	2 645 872	2 592 111
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	2 537 046	2 564 679	2 490 973	2 450 195	2 435 180	2 435 180	2 387 962	2 328 762	2 274 995
Reserves	317 094	317 089	317 096	317 089	317 089	317 089	317 103	317 110	317 117
Minorities' interests									
TOTAL COMMUNITY WEALTH/EQUITY	2 854 140	2 881 767	2 808 069	2 767 284	2 752 270	2 752 270	2 705 065	2 645 872	2 592 111

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 23 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	470 577	522 926	604 210	648 293	647 047	647 047	661 392	715 057	761 854
Government - operating	32 856	64 071	34 322	41 033	41 883	41 883	68 984	55 324	72 061
Government - capital	20 352	26 431	59 121	69 059	71 242	71 242	34 009	23 687	24 006
Interest	4 957	6 168	9 210	7 420	7 420	7 420	9 918	10 050	10 190
Dividends									
Payments									
Suppliers and employees	(436 893)	(510 106)	(547 739)	(592 506)	(597 242)	(597 242)	(627 543)	(661 758)	(716 763)
Finance charges	(19 283)	(19 373)	(31 669)	(38 054)	(38 054)	(38 054)	(42 292)	(44 326)	(46 628)
Transfers and Grants	(11 987)	(23 620)	(28 454)	(28 000)	(35 975)	(35 975)	(38 766)	(41 092)	(43 557)
NET CASH FROM/(USED) OPERATING ACTIVITIES	60 579	66 499	99 001	107 245	96 321	96 321	65 703	56 942	61 162
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	7 534	23 447	13 722						
Decrease (Increase) in non-current debt	1 759	17 137	2 189	30 000	30 000	30 000	-	-	-
Decrease (increase) other non-current re	216	29	20	40	40	40	48	14	14
Decrease (increase) in non-current invest	6 244	(1 262)	(4 430)	(4 047)	(4 047)	(4 047)	(5 359)	(5 411)	(5 454)
Payments									
Capital assets	(115 599)	(150 497)	(163 295)	(186 198)	(184 655)	(184 655)	(104 681)	(69 756)	(75 208)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(99 846)	(111 146)	(151 794)	(160 205)	(158 662)	(158 662)	(109 992)	(75 153)	(80 648)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans			940						
Borrowing long term/refinancing	70 000	90 000	110 000	50 000	48 700	38 700	51 300	40 000	45 000
Increase (decrease) in consumer deposit	2 514	4 469	12 844	4 914	4 914	4 914	3 704	4 097	4 532
Payments									
Repayment of borrowing	(15 484)	(9 442)	(14 295)	(16 454)	(16 454)	(16 454)	(18 032)	(21 220)	(23 920)
NET CASH FROM/(USED) FINANCING ACTIVITIES	57 030	85 027	109 489	38 460	37 160	27 160	36 973	22 877	25 613
NET INCREASE/ (DECREASE) IN CASH	17 763	40 380	56 696	(14 500)	(25 181)	(35 181)	(7 317)	4 665	6 127
Cash/cash equivalents at the year begin	11 860	29 623	70 004	102 146	126 699	126 699	91 518	84 202	88 867
Cash/cash equivalents at the year end:	29 623	70 004	126 699	87 646	101 518	91 518	84 202	88 867	94 994

Table 24 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Cash and investments available									
Cash/cash equivalents at the year begin	29 623	70 004	126 699	87 646	101 518	91 518	84 202	88 867	94 994
Other current investments > 90	0	0	0	-	-	-	(0)	0	(0)
Non current assets - Investments	2 632	1 262	5 691	11 020	11 020	11 020	16 379	21 791	27 245
Cash and investments available:	32 255	71 265	132 391	98 666	112 538	102 538	100 581	110 658	122 239
Application of cash and investments									
Unspent conditional transfers	1 922	9 955	7 975	-	-	-	-	-	-
Unspent borrowing	-	-	18 255	-	-	18 561	-	-	-
Statutory requirements									
Other working capital requirements	(11 447)	(7 780)	(9 087)	(9 790)	(25 232)	(25 232)	(22 284)	(21 862)	(24 565)
Other provisions									
Long term investments committed	2 632	1 262	5 691	11 020	11 020	11 020	16 379	21 791	27 245
Reserves to be backed by cash/investments									
Total Application of cash and investments	(6 893)	3 437	22 834	1 230	(14 212)	4 349	(5 905)	(72)	2 680
Surplus(shortfall)	39 148	67 829	109 556	97 436	126 751	98 189	106 486	110 729	119 559

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality fell significantly over the 2011/12 to 2013/14.
4. As part of the 2012/13 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
5. The 2013/14 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals R91 518 million as at the end of the 2012/13 financial year and escalates to R94 994 million by 2015/16.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be “funded”.

Table 25 MBRR Table A9 - Asset Management

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	115 371	154 117	163 295	169 043	167 500	167 500	77 781	46 787	53 806
Infrastructure - Road transport	26 529	20 923	5 477	11 720	10 720	10 720	14 200	13 155	1 719
Infrastructure - Electricity	27 752	32 411	30 061	50 283	28 341	28 341	23 894	11 400	10 000
Infrastructure - Water	29 797	34 053	57 384	50 128	58 919	58 919	7 300	8 212	17 169
Infrastructure - Sanitation	5 139	15 142	32 650	13 055	17 877	17 877	13 718	2 000	13 348
Infrastructure - Other	5 993	1 859	196	7 000	7 000	7 000	1 400	-	-
Infrastructure	95 211	104 389	125 767	132 186	122 858	122 858	60 511	34 767	42 237
Community	18 326	17 814	13 460	23 758	34 429	34 429	9 792	6 620	6 069
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	1 834	31 915	24 067	12 255	9 369	9 369	6 638	5 400	5 500
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	845	845	845	839	-	-
Total Renewal of Existing Assets	-	-	-	-	-	-	26 900	22 969	21 402
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	16 300	6 600	8 500
Infrastructure - Water	-	-	-	-	-	-	8 600	13 200	10 000
Infrastructure - Sanitation	-	-	-	-	-	-	2 000	2 500	2 200
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	26 900	22 300	20 700
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	669	702
Total Capital Expenditure	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport	26 529	20 923	5 477	11 720	10 720	10 720	14 200	13 155	1 719
Infrastructure - Electricity	27 752	32 411	30 061	50 283	28 341	28 341	40 194	18 000	18 500
Infrastructure - Water	29 797	34 053	57 384	50 128	58 919	58 919	15 900	21 412	27 169
Infrastructure - Sanitation	5 139	15 142	32 650	13 055	17 877	17 877	15 718	4 500	15 548
Infrastructure - Other	5 993	1 859	196	7 000	7 000	7 000	1 400	-	-
Infrastructure	95 211	104 389	125 767	132 186	122 858	122 858	87 411	57 067	62 937
Community	18 326	17 814	13 460	23 758	34 429	34 429	9 792	6 620	6 069
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	1 834	31 915	24 067	12 255	9 369	9 369	6 638	5 400	5 500
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	845	845	845	839	669	702
TOTAL CAPITAL EXPENDITURE - Asset	115 371	154 117	163 295	169 043	167 500	167 500	104 681	69 756	75 208
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	967 298	969 647	946 061	833 247	832 247	832 247	809 135	784 412	747 622
Infrastructure - Electricity	586 257	601 522	602 806	636 294	614 450	614 450	632 360	627 630	622 945
Infrastructure - Water	361 814	378 195	419 549	468 460	477 251	477 251	478 605	485 180	497 216
Infrastructure - Sanitation	347 189	358 175	377 402	367 510	372 332	372 332	375 354	366 905	369 245
Infrastructure - Other	57 308	39 146	37 183	132 253	132 253	132 253	129 996	126 266	122 462
Infrastructure	2 319 866	2 346 686	2 383 001	2 437 762	2 428 532	2 428 532	2 425 450	2 390 393	2 359 489
Community	68 235	80 184	81 364	99 738	110 409	110 409	115 505	117 336	118 519
Heritage assets	77 028	76 995	76 868	76 995	76 995	76 995	76 995	76 995	76 995
Investment properties	66 838	87 989	87 823	87 289	87 289	87 289	87 289	87 289	87 289
Other assets	538 134	520 495	524 524	501 457	459 071	459 071	457 307	454 137	450 895
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	2 864	2 838	3 547	3 422	3 422	3 422	4 043	4 310	4 476
TOTAL ASSET REGISTER SUMMARY - P	3 072 965	3 115 187	3 157 126	3 206 664	3 165 719	3 165 719	3 166 590	3 130 460	3 097 664

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality meets both these recommendations.

Table 26 MBRR Table A10 - Basic Service Delivery Measurement

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets									
<u>Water:</u>									
Piped water inside dwelling	26 563	26 632	26 813	27 203	27 203	27 203	27 400	27 600	27 800
Piped water inside yard (but not in dwelling)									
Using public tap (at least min.service level)	3 142	3 671	3 449	3 436	3 436	3 436	3 400	3 300	3 200
Other water supply (at least min.service level)									
<i>Minimum Service Level and Above sub-total</i>	29 705	30 303	30 262	30 639	30 639	30 639	30 800	30 900	31 000
Using public tap (< min.service level)									
Other water supply (< min.service level)									
No water supply									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	29 705	30 303	30 262	30 639	30 639	30 639	30 800	30 900	31 000
<u>Sanitation/sewerage:</u>									
Flush toilet (connected to sewerage)	18 034	18 679	19 082	19 400	19 400	19 400	19 620	19 750	19 900
Flush toilet (with septic tank)	11 671	11 624	11 180	11 239	11 239	11 239	11 180	11 150	11 100
Chemical toilet									
Pit toilet (ventilated)									
Other toilet provisions (> min.service level)									
<i>Minimum Service Level and Above sub-total</i>	29 705	30 303	30 262	30 639	30 639	30 639	30 800	30 900	31 000
Bucket toilet									
Other toilet provisions (< min.service level)									
No toilet provisions									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	29 705	30 303	30 262	30 639	30 639	30 639	30 800	30 900	31 000
<u>Energy:</u>									
Electricity (at least min.service level)	19	18	16 000	7 180	7 180	7 180	6 500	6 000	5 500
Electricity - prepaid (min.service level)	9	11	13 000	13 556	13 556	13 556	14 250	14 800	15 350
<i>Minimum Service Level and Above sub-total</i>	28 111	28 600	29 000	20 736	20 736	20 736	20 750	20 800	20 850
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)				1 420	1 420	1 420	1 870	2 250	2 550
Other energy sources									
<i>Below Minimum Service Level sub-total</i>	-	-	-	1 420	1 420	1 420	1 870	2 250	2 550
Total number of households	28 111	28 600	29 000	22 156	22 156	22 156	22 620	23 050	23 400
<u>Refuse:</u>									
Removed at least once a week	34 334	34 684	34 700	34 741	34 741	34 741	34 981	35 221	35 461
<i>Minimum Service Level and Above sub-total</i>	34 334	34 684	34 700	34 741	34 741	34 741	34 981	35 221	35 461
Removed less frequently than once a week									
Using communal refuse dump									
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	34 334	34 684	34 700	34 741	34 741	34 741	34 981	35 221	35 461
<u>Households receiving Free Basic Service</u>									
Water (6 kilolitres per household per month)	29 340	29 640	29 763	35 112	35 512	35 512	37 921	40 955	44 231
Sanitation (free minimum level service)	2 900	5 300	5 800	5 852	6 300	6 300	6 320	6 826	7 372
Electricity/other energy (50kwh per household p	2 900	5 300	5 800	3 949	3 949	3 949	4 265	4 606	4 975
Refuse (removed at least once a week)	2 900	5 300	5 800	5 852	6 300	6 300	6 320	6 826	7 372
<u>Cost of Free Basic Services provided (R'000)</u>									
Water (6 kilolitres per household per month)	1 789	5 058	5 463	5 291	6 746	6 746	7 286	7 868	8 498
Sanitation (free sanitation service)	4 105	7 356	4 422	5 945	6 054	6 054	6 538	7 061	7 626
Electricity/other energy (50kwh per household p	3 694	11 085	12 233	11 233	13 274	13 274	14 336	15 483	16 722
Refuse (removed once a week)	2 211	6 048	6 531	5 531	8 014	8 014	8 655	9 348	10 095
Total cost of FBS provided (minimum social pa	11 800	29 547	28 649	28 000	34 088	34 088	36 815	39 761	42 941

Highest level of free service provided									
Property rates (R value threshold)	50 000	50 000	50 000	100 000	100 000	100 000	100 000	100 000	100 000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	10	10	10	4	4	4	4	4	4
Sanitation (Rand per household per month)	171	47	51	37	37	37	37	37	37
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	210	210	210	210	210	210	210	210	210
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)		1 621	1 735	1 819	1 819	1 819	1 965	2 122	2 292
Property rates (other exemptions, reductions and rebates)				24 558	24 558	24 558	26 522	28 644	30 935
Water	1 789	5 058	5 463	6 320	6 320	6 320	6 826	7 372	7 962
Sanitation	4 105	7 356	7 945	6 054	6 054	6 054	6 538	7 061	7 626
Electricity/other energy	3 694	11 085	12 233	1 880	1 880	1 880	2 030	2 193	2 368
Refuse	2 211	6 048	6 531	8 014	8 014	8 014	8 655	9 348	10 095
Municipal Housing - rental rebates	9 842	27 250	15 176				-	-	-
Housing - top structure subsidies									
Other									
Total revenue cost of free services provided (total social package)	21 642	58 418	49 083	48 645	48 645	48 645	52 536	56 739	61 278

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 29 August 2012. Key dates applicable to the process were:

- **August 2012** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013/14 MTREF;
- **October 2012** – Review of the draft capital budget with reference to the 2012/2013 MTREF and ward committees submit draft ward specific projects
- **November 2012** – Mayoral strategic session and detailed departmental budget proposals (capital) submitted to the Budget and Treasury Office.
- **December 2012** – Mid year review by the BSC of the 2012/2013 progress and review of 2013-2016 draft operational expenditure including financial forecasting and scenario considerations;
- **January 2013** – Tariff proposals and budget related policies reviewed
- **25 January 2013** - Council considers the 2012/13 Mid-year Review and adjustment budget proposalst;
- **February 2013** – Adjustment budget for 2012/2013 and review of draft capital and operational proposals;
- **March 2013** – BSC finalises capital, operational and tariffs
- **28 March 2013** - Tabling in Council of the draft 2013/14 IDP and 2013/14 MTREF for public consultation;
- **April 2011** – Public consultation;
- **30 April 2013** - Closing date for written comments;

- **2 to 21 May 2013** – finalisation of the 2013/14 IDP and 2013/14 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **29 May 2013** - Tabling of the 2013/14 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in May 2006. It started in September 2010 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2013/14 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2012/13 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2012/13 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy

- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 66 and 67 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation on the Draft Budget

The draft 2013/14 MTREF to be tabled in Council on 28 March 2013 will officially be available to the community as follows:

Copies of this document can be viewed:

- At the offices of all Area Managers
- All public libraries within the municipality
- At the website: www.overstrand.gov.za

The tabling of the draft budget will be advertised in all local newspapers and a copy of the advertisement will be available on the notice boards at municipal offices and libraries. Furthermore, an OMAF meeting, where all ward committees are represented, will be held in the municipal auditorium on 3 April 2013. All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and Provincial Treasury in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs. Ward Committees were utilised to facilitate the community consultation process from 18 to 12 April 2013. Submissions received during the community consultation process will be considered after the closing on 30 April 2013.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process. Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality. It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between

national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIS);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 27 IDP Strategic Objectives

2012/13 Financial Year	2013/14 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;

- Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide municipality planning services; and
 - Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
- Ensuring there is a clear structural plan for the Municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective municipality cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It

provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2013/14 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 28 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

WC032 Overstrand - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Provision of democratic and accountable governance	Corporate Governance	219 230	281 846	217 291	255 065	229 845	229 845	254 887	252 250	261 664
Provision and maintenance of municipal services	Basic Service Delivery	309 363	356 023	455 529	495 549	471 480	471 480	512 566	541 820	597 040
Encouragement of structured community participation in the matters of the municipality	Community Participation							883	83	88
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment	6 558	9 666	10 346	11 351	12 530	12 530	12 461	13 086	13 858
The promotion of tourism, economic and social development	Economic Development and Social Upliftment	2 264	5 402	5 402	4 105	5 127	5 127	1 244		
Allocations to other priorities										
Total Revenue (excluding capital transfers and con		537 414	652 937	688 567	766 069	718 982	718 982	782 040	807 239	872 650

Table 29 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Provision of democratic and accountable governance	Corporate Governance	245 598	163 623	376 118	262 293	84 722	84 722	143 853	153 769	168 997
Provision and maintenance of municipal services	Basic Service Delivery	276 325	371 208	308 806	425 644	569 338	569 338	573 341	588 744	631 273
Encouragement of structured community participation in the matters of the municipality	Community Participation		59 878	33 841	46 850	47 848	47 848	50 648	56 061	58 342
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment	8 779	20 781	8 996	47 904	49 169	49 169	51 922	59 034	62 648
The promotion of tourism, economic and social development	Economic Development and Social Upliftment	24 630	27 711	34 511	8 364	7 905	7 905	9 495	8 831	5 157
Allocations to other priorities										
Total Expenditure		555 332	643 201	762 273	791 055	758 982	758 982	829 258	866 440	926 417

Table 30 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

WC032 Overstrand - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Provision of democratic and accountable governance	Corporate Governance	1 834	28 713	24 067	13 100	7 672	7 672	7 477	6 069	6 202
Provision and maintenance of municipal services	Basic Service Delivery	95 211	109 551	133 045	136 650	128 337	128 337	87 411	57 067	63 737
Encouragement of structured community participation in the matters of the municipality	Community Participation	18 326	8 880	3 319	16 875	28 103	28 103	9 792	6 620	5 269
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment									
The promotion of tourism, economic and social development	Economic Development and Social Upliftment		6 973	2 863	2 418	3 388	3 388			
Allocations to other priorities										
Total Capital Expenditure		115 371	154 117	163 295	169 043	167 500	167 500	104 681	69 756	75 208

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

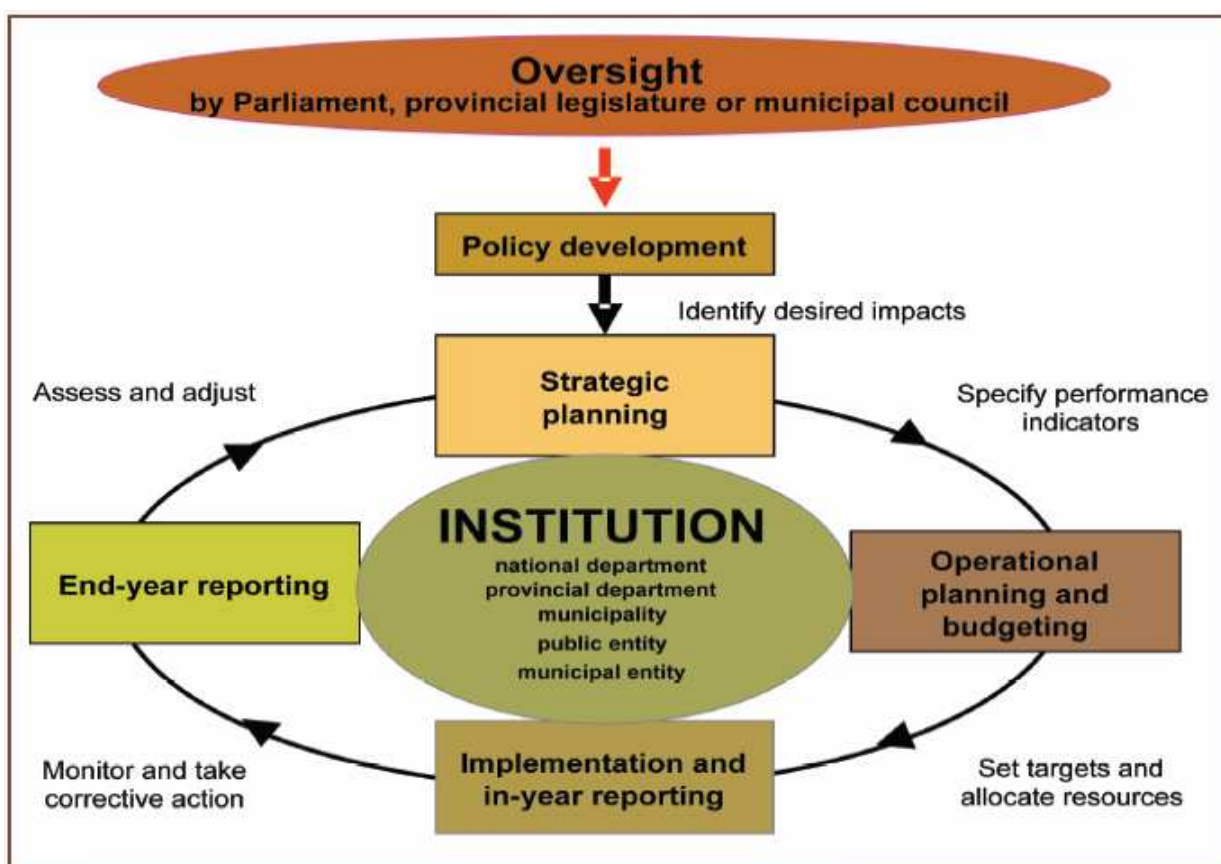


Figure 4 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

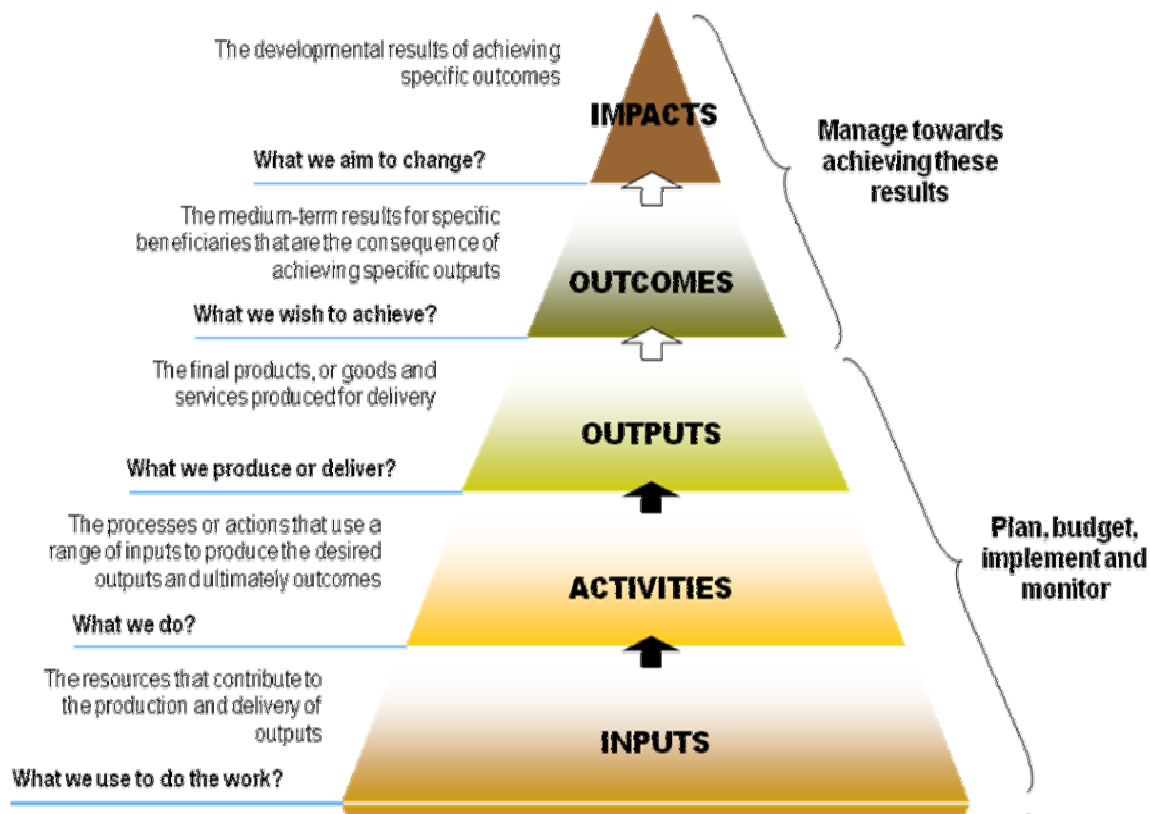


Figure 5 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 31 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Council	Annual report and oversight report of council submitted before legislative deadline Approval of adjustment budget before legislative deadline No of sec 79 committee meetings per annum Approval of Main Budget before legislative deadline Approval of SDBIP before legislative deadline Number of ordinary Council Meetings Reviewed and approved risk based audit plan by end of September No of meetings of the performance audit committee % Implementation of anti-corruption policy by the end of June 2011 Individual performance management system implemented up to the Task level ¹⁴ No of performance agreements signed on time No compliance findings in the management letter of the Auditor-General resulting in a qualified audit opinion	100.0%	100.0%	100.0%	100.0%					
Council and Municipal Council										
Annual performance reporting										
Approval of Adjustment Budget										
Effective functioning of committee system										
Approval of Main Budget										
Mayor										
Approval of SDBIP										
Spreaker										
Effective functioning of council										
Municipal Mananger										
Functional Internal Audit Unit										
Functional performance audit committee										
Improved good governance										
Institutional performance management system in place										
Institutional Performance management system in place										
Municipality complyin g with all relevant legislation										
Management Services	% Vacancy level as % of approved and funded organogram % of Targets reached per occupation level The percentage of budget spent on implementing its workplace skills plan No of meetings of the LLF Revision of all HR policies annually by June IDP reviewd by 31 May annually	100.0%	90.0%	93.68%	90.0%					
Director: Management										
Human Resources										
Creation of effective capacity										
Reaching of employment equity targets										
Targeted skills development										
Effective labour relations										
Effective and up to date HR policies										
Strategic Services	IDP reviewd by 31 May annually	100.0%	100.0%	100.0%	100.0%					
Reviewed IDP										

Finance										
Director: Finance										
Asset Management										
Asset management	Compliance with GRAP 16, 17 & 102 (measured in terms of the AG report)	100.0%	100.0%	100.0%	100.0%					
Director Finance										
Clean audit	% of Root causes of issues raised by AG in the previous years' AG management letter addressed	100.0%	100.0%	100.0%	100.0%					
Improvement in conditional grant spending - operational (FMG, MSIG, Equitable share)	% of total conditional operational grants spent (FMG, MSIG, Equitable share)		100.0%	100.0%	100.0%					
Preparation of financial statements	Financial statements submitted by the end of August	100.0%	100.0%	100.0%	100.0%					
Updated indigent register for the provision of free basic services	Updated indigent register by the 10th of every month	100.0%	100.0%	100.0%	100.0%					
Improvement in conditional grant spending - operational (MSIG, Libraries, CDW, HCE)	% of total conditional operational grants spent (Libraries, CDW)		98.0%	100.0%	98.0%					
Improvement in conditional grant spending - capital	% of total conditional capital grants spent (MIG)		100.0%	100.0%	100.0%					
SCM										
Effective SCM system	No of tenders successfully awarded within the validity period of the tender	100.0%	100.0%	100.0%	100.0%					
Revenue										
Improved revenue collection	% Debt recovery rate (90+ days)	100.0%	90.0%	99.3%	90.0%					
Community Services										
Director: Community Services										
Director: Community Services										
Effective functioning of ward committees	No of ward committee meetings per annum	8	8	13	13					
Maintenance of grave yards	% of maintenance budget of grave yards spent		98.0%	96.0%	98.0%					
Maintenance of halls and facilities	% of maintenance budget of halls and facilities spent		98.0%	98.0%	98.0%					
Maintenance of recreational areas	% of maintenance budget of recreational areas spent		98.0%	97.7%	98.0%					
Number of informal settlements formalised and with the provision of basic services where required	Number of informal settlements formalised		2	2	2					

Maintenance of municipal roads	% of maintenance budget of municipal roads spent			98.2%	98.0%					
Maintenance of municipal roads (Reseal)	Kms of roads patched and resealed according to approved Paveman Management System within available budget/reseal		98.0%	98.0%	98.0%					
Provision of sport facilities	% upgrade of the sport facilities in terms of the business plan		93.0%	98.0%	98.0%					
Maintenance of refuse removal services	% of approved maintenance plan executed		98.0%	103.2%	98.0%					
Maintenance of refuse removal services	% of maintenance budget of refuse removal spent		98.0%	103.2%	98.0%					
Maintenance of sanitation services	% of approved maintenance plan executed		98.0%	98.3%	98.0%					
Maintenance of sanitation services	% of maintenance budget of sanitation spent		98.0%	99.8%	98.0%					
Quality of waste water discharge	% Effluent compliance with permit conditions and Government Notice	100.0%	60.0%	88.6%	90.0%					
Maintenance of water assets	% of maintenance budget of water spent		98.0%	100.6%	98.0%					
Maintenance of water services	% of approved maintenance plan executed		98.0%	95.37%	98.0%					
New water connections	No of new water connections		410	410						
Replacement of existing water meters	No of meters replaced		200	200						
Director: LED										
LED										
Employment through job creation schemes	No of temporary jobs created		154	204	500					
Completed and aligned LED strategy	LED strategy developed by end of March	100.0%	100.0%	100.0%	100.0%					
Employment through job creation initiatives that ponder employment for locals	No of jobs created		50	204	20					
Enhancement of economic development	Value of contracts assigned to emerging contractors		R19m	R4,185,237.16	R10m					
Improved skills development	No of workshops organised		4	11	10					
Tourism related projects/initiatives	No of related tourism enterprises/projects		4	4	7					

Infrastructure & Planning										
Director: Infrastructure and Planning										
Sub-function 1 - (name)										
Effective capital spending	% spent of approved electricity capital projects	100,0%	98,0%	98,0%	98,0%					
Maintenance of electricity assets	% of maintenance budget of electricity spent		98,0%	58,25%	98,0%					
New electricity connections	No of new electricity connections			482						
No of HH that meet agreed service standards (access to electricity) -All areas	No of HH achieving agreed service standards		410	21898	21898					
Percentage electricity losses	KW billed/ KW used by municipality		10,0%	7,1%	9,0%					
Development of an Integrated Human Settlement Strategy	Strategy developed by the end of March 2011		100,0%	100,0%	100,0%					
Effective capital spending	% spent of approved municipal roads capital projects	100,0%	98,0%	98,0%	98,0%					
Effective capital spending	% spent of approved waste management capital		98,0%	98,0%	98,0%					
No of HH that meet agreed waste service standards (at least once a week) -Formal areas	No of HH that meet minimum standard waste		26000	30334	26000					
Effective capital spending	% spent of approved stormwater capital projects	100,0%	98,0%	98,0%	98,0%					
Maintenance of stormwater services	% of maintenance budget of stormwater spent	100,0%	98,0%	98,3%	98,0%					
Effective capital spending	% spent of approved waste water management capital projects	100,0%	98,0%	98,0%	98,0%					
No of HH that meet agreed sanitation service standards (at least VIP on site) -Formal areas	No of HH without minimum standard sanitation		26000	30851	32136					
No of HH that meet agreed sanitation service standards (at least VIP on site) -Informal areas	No of HH that meet minimum standard sanitation		3726	(included in the figure of 30851)						
Effective capital spending	% spent of approved water capital projects		98,0%	98%	98,0%					
Excellent water quality	% compliance as per the annual blue drop compliance audit		77,0%	114,7%	95,0%					

No of HH that meet agreed service standards (cleaned piped water 200m from household) - Formal areas	No of HH achieving agreed service standards		26000	30851	25110					
Percentage water losses	KL billed/ KL used by municipality		32.0%	27.25%	32.0%					
Percentage/ No of HH that meet agreed service standards (cleaned piped water 200m from household) - Informal areas	% of HH achieving agreed service standards/ No of HH		3762	(included in the figure of 30851)						
Protection Services										
Director Protection Services										
Fire Manangement										
Effective fire brigade service	Fire Management Plan completed by the end of October 2010		100.0%	100.0%	100.0%					
Reviewed Disaster Management Plan	Disaster Management Plan reviewed by March 2011 Annually	100.0%	100.0%	100.0%	100.0%					
Law Enforcement										
Effective law enforcement activities	% Decrease in law enforcement violations		20.0%	20.0%	20.0%					
Traffic										
activities	violations		20.0%	20.0%	20.0%					

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

Table 32 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	6,3%	4,5%	6,0%	6,9%	7,2%	7,2%	0,0%	7,3%	7,6%	7,6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	7,3%	5,2%	8,0%	8,3%	8,9%	8,9%	0,0%	8,9%	9,0%	9,1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	74,0%	71,8%	82,0%	50,8%	51,4%	40,9%	0,0%	73,2%	86,8%	87,9%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	54,1%	77,9%	107,4%	117,3%	116,9%	113,8%	0,0%	123,6%	128,6%	134,4%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1,1	1,6	1,5	1,3	1,6	1,5	–	1,4	1,3	1,3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1,1	1,6	1,5	1,3	1,6	1,5	–	1,4	1,3	1,3
Liquidity Ratio	Monetary Assets/Current Liabilities	0,3	0,5	0,9	0,7	0,8	0,8	–	0,6	0,6	0,6
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	99,9%	101,5%	101,5%	106,4%	104,5%	111,4%	111,4%	98,5%	99,2%	99,1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & ...)		99,3%	101,0%	98,3%	106,1%	99,9%	106,4%	106,4%	98,5%	99,2%	99,1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	16,6%	14,9%	12,4%	10,6%	12,2%	12,2%	0,0%	11,7%	11,6%	11,2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	98,1%	98,0%	99,8%	98,1%	98,1%	98,1%		98,2%	98,3%	98,4%
Creditors to Cash and Investments		249,3%	115,5%	56,8%	73,0%	58,9%	65,3%	0,0%	76,0%	76,7%	73,5%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	20497643	19028627	16012859	17300000	17300000	17300000		17200000	17000000	17000000
	Total Cost of Losses (Rand '000)	5 230	6 159	6 513	7 474	7 474	7 474		8 015	8 551	9 235
Water Distribution Losses (2)	Total Volume Losses (kl)	2366561	1860248	1428898	1438800	1438800	1438800		1500000	1500000	1500000
	Total Cost of Losses (Rand '000)	2 875	3 101	2 892	2 978	2 978	2 978		3 279	3 456	3 642
Employee costs	Employee costs/(Total Revenue - capital revenue)	31,3%	30,8%	33,8%	32,9%	34,6%	34,6%	0,0%	33,6%	34,6%	34,1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	32,2%	31,4%	34,9%	34,0%	35,7%	35,7%		34,6%	35,6%	35,0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	9,0%	9,6%	10,5%	16,5%	17,4%	17,4%		15,8%	16,3%	16,0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	23,7%	20,8%	22,0%	20,9%	22,1%	22,1%	0,0%	19,5%	19,2%	18,2%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	30,5	23,4	24,2	27,4	27,4	27,4	–	21,7	21,3	22,8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	20,4%	18,7%	13,9%	12,0%	13,9%	13,9%	0,0%	13,7%	13,2%	13,0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1,0	2,0	3,0	1,9	2,2	2,0	–	1,6	1,6	1,6

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Overstrand's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 40.9 per cent to 18.5 per cent in 2013/14, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily increased from 7.3 per cent in 2009/10 to 8.9 per cent in 2012/13. This increase can be attributed to the raising of loans to fund portions of the capital programme. It is estimated that the cost of borrowing as a percentage of the operating expenditure will remain at 8.9 per cent in 2013/14 and will then increase to 9.1 per cent at the end of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 60 per cent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2009/10 and 2012/13 the gearing ratio peaked at 113.8 per cent. This was primarily a result of the increased borrowing levels and decreasing funds and reserves. While the gearing ratio increases to 123.6 per cent in the 2013/14 financial year

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1.2, hence at no point in time should this ratio

be less than 1.2. For the 2013/14 MTREF the current ratio is 1.4 in the 2013/14 financial year and 1.3 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Overstrand Municipality's liquidity ratio is at 0.9 per cent which includes the certain non-cash items.
- **Revenue Management**
- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.4 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.5 Other Indicators

- The electricity distribution losses have been managed downwards from 9.3 per cent in the 2012/13 financial year to 7.12 per cent over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.
- The water distribution losses have been significantly reduced from 27.4 per cent in 2009/10 to 20 per cent in 2012/13. This has been achieved with the introduction of a water leakage report and action centre. The intention is to further rollout additional depots within the Municipality to further leverage from the efficiency that the centre offers. It is planned to further reduce distribution losses from 20 per cent in 2013/14 to 18 per cent by 2013/14.
- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2013/14 financial year 6300 registered indigents have been provided for in the budget with this figured increasing to 6320 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, 6 kl sanitation and free waste removal equivalent to 85¢ once a week, as well as a total rebate on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

The Municipality was awarded Blue Drop status in 2012/13, indicating that the Municipality's drinking water is of exceptional quality.

Of the 5 waste water treatment works, one was awarded Green Drop status in 2011/12, indicating that this plant consistently meet waste water treatment standards of exceptional quality. The remaining 4 plants will require renewals/upgrading to meet the minimum Green Drop certification standards. This has been prioritised as part of the 2013/14 medium term capital budget.

The following is briefly the main challenges facing the Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- The Electricity Division is to install dedicated power supply lines to the plants; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The 2013/14 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

The Asset Management, Infrastructure and Funding Policy is considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Policy

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in 2008. An amended policy will be considered by Council in May of which the amendments will be extensively consulted on.

2.4.5 Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

2.4.6 Cash Management and Investment Policy

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

2.4.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

2.4.8 Long term Financial Planning & Implementation Policy

The Long term Financial Planning & Implementation Policy has directly informed the compilation of the 2013/14 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Indigent Policy.

2.5 Overview of budget assumptions

2.5.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 30.2 per cent of total operating expenditure in the 2013/14 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget

2.5.3 Credit rating outlook

Refer to Overstrand Municipality's Borrowing & Investment Policy

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2013/14 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (97 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.7 Salary increases

The collective agreement regarding salaries/wages came into operation on 01 July 2012 and shall remain in force until 30 June 2015.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 98 per cent is achieved on operating expenditure and 94 per cent on the capital programme for the 2013/14 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 33 Breakdown of the operating revenue over the medium-term

Description	2013/14 Medium Term Revenue & Expenditure Framework		
	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousands			
Financial Performance	132 644	140 918	149 132
Property rates	497 549	535 775	573 519
Service charges	7 714	7 714	7 714
Investment revenue	68 984	55 324	72 061
Transfers recognised - operational	41 141	43 822	46 218
Other own revenue	748 031	783 552	848 644

The following graph is a breakdown of the operational revenue per main category for the 2013/14 financial year.

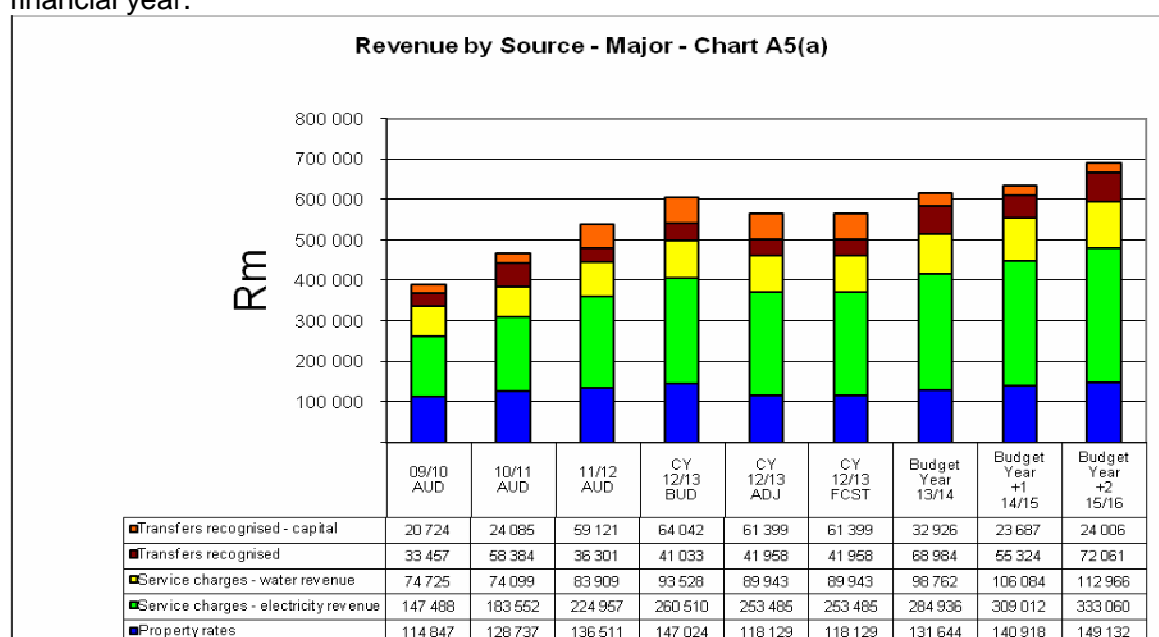


Figure 6 Breakdown of operating revenue over the 2013/14 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2013/14 MTREF on the different revenue categories are:

Table 34 Proposed tariff increases over the medium-term

Refer to Annexure B for Tariffs increases

Revenue to be generated from property rates is R118 129 million in the 2012/13 financial year and increases to R131.644 million by 2013/14 which represents 17.6 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

As the levying of property rates is considered a strategic revenue source a further supplementary valuation process will be undertaken in the 2nd quarter of the 2013/14 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R447 228 million for the 2012/13 financial year and increasing to R497 549 million by 2013/14. For the 2013/14 financial year services charges amount to 66.5 per cent of the total revenue base.

Operational grants and subsidies amount to R68 984 million, R55 324 million and R72 061 million for each of the respective financial years of the MTREF.

The tables below provide detail investment information and investment particulars by maturity.

Table 35 MBRR SA15 – Detail Investment Information

Investment type	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)	2 632	1 262	5 691	11 020	11 020	11 020	16 379	21 791	27 245
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	2 632	1 262	5 691	11 020	11 020	11 020	16 379	21 791	27 245
Consolidated total:	2 632	1 262	5 691	11 020	11 020	11 020	16 379	21 791	27 245

Table 36 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months								Rand thousand	
Parent municipality										
LIBERTY 15934476	15 YEARS	POLICY	YES	VARIABLE				01/09/2025	6 220	185
LIBERTY 21196964	14 YEARS	POLICY	YES	VARIABLE				01/09/2025	9 053	149
MOMENTUM 3853776	14 YEARS	POLICY	YES	VARIABLE				01/07/2026	1 107	58
TOTAL INVESTMENTS AND INTEREST									16 379	392

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

Table 37 Sources of capital revenue over the MTREF

		2013/14 Medium Term Revenue & Expenditure Framework			
		Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funded by:					
National Government		48 383	25 355	23 687	24 006
Provincial Government		23 884	8 181		
District Municipality					
Other transfers and grants					
Transfers recognised - capital	4	72 267	33 536	23 687	24 006
Public contributions & donations	5	516	1 083		
Borrowing	6	77 146	59 861	40 000	45 000
Internally generated funds		17 572	10 200	6 069	6 202
Total Capital Funding	7	167 500	104 681	69 756	75 208

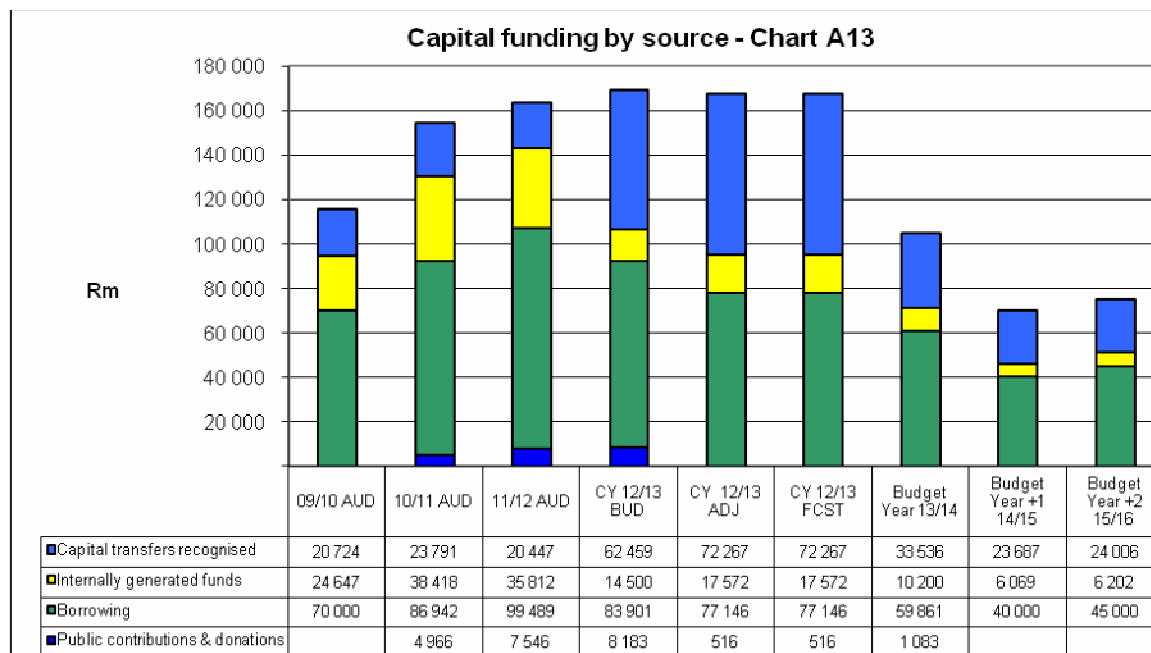


Figure 7 Sources of capital revenue for the 2013/14 financial year

Capital grants and receipts equates to 34 per cent of the total funding source which represents R33 536 million for the 2013/14

Borrowing still remains a significant funding source for the capital programme over the medium-term with an estimated R59 861 million. As explained earlier, the borrowing capacity of the Municipality has essentially reached its limits and going forward borrowing limits will remain constant.

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 38 MBRR Table SA 17 - Detail of borrowings**WC032 Overstrand - Supporting Table SA17 Borrowing**

Borrowing - Categorised by type	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality									
Long-Term Loans (annuity/reducing balance)	171 476	247 081	250 581	272 042	270 742	270 742	291 789	307 893	326 316
Long-Term Loans (non-annuity)			90 000	100 000	100 000	90 000	100 000	100 000	100 000
Total Borrowing	171 476	247 081	340 581	372 042	370 742	360 742	391 789	407 893	426 316

Unspent Borrowing - Categorised by type									
Parent municipality									
Long-Term Loans (annuity/reducing balance)			18 255			18 561			
Long-Term Loans (non-annuity)									
Total Unspent Borrowing	-	-	18 255	-	-	18 561	-	-	-

Figure 8 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R17 572 million in 2012/13, R10 200m in 2013/14 and R6 069 million in 2014/15.

Table 39 MBRR Table SA 18 - Capital transfers and grant receipts

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:									
Capital Transfers and Grants									
National Government:	20 079	23 784	54 183	47 082	37 020	37 020	24 755	23 687	24 006
Municipal Infrastructure Grant (MIG)	15 894	9 209	13 971	16 947	16 947	16 947	18 755	20 687	22 006
Public Transport and Systems									
Regional Bulk Infrastructure			36 212	25 917	15 174	15 174			
Neighbourhood Development Partnersh	2 264	10 936	2 000	2 418	3 099	3 099			
INEP	1 921	3 639	2 000	1 800	1 800	1 800	6 000	3 000	2 000
Provincial Government:	8 157	6 348	4 939	13 580	23 548	23 548	5 689	-	-
Housing/ABS	8 157	6 348	4 939	13 580	23 548	23 548	5 689		
Other grant providers:	-	1 000	-	3 380	831	831	982	-	-
Mobility strategy (pound)/ Walkways		1 000		1 797	331	331	982		
Eskom Rebate/National Lotto				1 583	500	500			
Total Capital Transfers and Grants	28 236	31 132	59 121	64 042	61 399	61 399	31 426	23 687	24 006

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 40 MBRR Table A7 - Budget cash flow statement

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	470 577	522 926	604 210	648 293	647 047	647 047	661 392	715 057	761 854
Government - operating	32 856	64 071	34 322	41 033	41 883	41 883	68 984	55 324	72 061
Government - capital	20 352	26 431	59 121	69 059	71 242	71 242	34 009	23 687	24 006
Interest	4 957	6 168	9 210	7 420	7 420	7 420	9 918	10 050	10 190
Dividends									
Payments									
Suppliers and employees	(436 893)	(510 106)	(547 739)	(592 506)	(597 242)	(597 242)	(627 543)	(661 758)	(716 763)
Finance charges	(19 283)	(19 373)	(31 669)	(38 054)	(38 054)	(38 054)	(42 292)	(44 326)	(46 628)
Transfers and Grants	(11 987)	(23 620)	(28 454)	(28 000)	(35 975)	(35 975)	(38 766)	(41 092)	(43 557)
NET CASH FROM/(USED) OPERATING ACTIVITIES	60 579	66 499	99 001	107 245	96 321	96 321	65 703	56 942	61 162
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	7 534	23 447	13 722						
Decrease (Increase) in non-current debtors	1 759	17 137	2 189	30 000	30 000	30 000	-	-	-
Decrease (increase) other non-current receivables	216	29	20	40	40	40	48	14	14
Decrease (increase) in non-current investments	6 244	(1 262)	(4 430)	(4 047)	(4 047)	(4 047)	(5 359)	(5 411)	(5 454)
Payments									
Capital assets	(115 599)	(150 497)	(163 295)	(186 198)	(184 655)	(184 655)	(104 681)	(69 756)	(75 208)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(99 846)	(111 146)	(151 794)	(160 205)	(158 662)	(158 662)	(109 992)	(75 153)	(80 648)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans			940						
Borrowing long term/refinancing	70 000	90 000	110 000	50 000	48 700	38 700	51 300	40 000	45 000
Increase (decrease) in consumer deposits	2 514	4 469	12 844	4 914	4 914	4 914	3 704	4 097	4 532
Payments									
Repayment of borrowing	(15 484)	(9 442)	(14 295)	(16 454)	(16 454)	(16 454)	(18 032)	(21 220)	(23 920)
NET CASH FROM/(USED) FINANCING ACTIVITIES	57 030	85 027	109 489	38 460	37 160	27 160	36 973	22 877	25 613
NET INCREASE/ (DECREASE) IN CASH HELD	17 763	40 380	56 696	(14 500)	(25 181)	(35 181)	(7 317)	4 665	6 127
Cash/cash equivalents at the year begin:	11 860	29 623	70 004	102 146	126 699	126 699	91 518	84 202	88 867
Cash/cash equivalents at the year end:	29 623	70 004	126 699	87 646	101 518	91 518	84 202	88 867	94 994

The above table shows that cash and cash equivalents of the Municipality increased between the 2009/10 and 2012/13 financial year. With the 2012/13 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. For the 2013/14 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R80 million by 2013/14 and steadily increasing to R90 million by 2015/16.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 41 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available									
Cash/cash equivalents at the year end	29 623	70 004	126 699	87 646	101 518	91 518	84 202	88 867	94 994
Other current investments > 90 days	0	0	0	-	-	-	(0)	0	(0)
Non current assets - Investments	2 632	1 262	5 691	11 020	11 020	11 020	16 379	21 791	27 245
Cash and investments available:	32 255	71 265	132 391	98 666	112 538	102 538	100 581	110 658	122 239
Application of cash and investments									
Unspent conditional transfers	1 922	9 955	7 975	-	-	-	-	-	-
Unspent borrowing	-	-	18 255	-	-	18 561	-	-	-
Statutory requirements	(11 447)	(7 780)	(9 087)	(9 790)	(25 232)	(25 232)	(22 284)	(21 862)	(24 565)
Other working capital requirements									
Other provisions									
Long term investments committed	2 632	1 262	5 691	11 020	11 020	11 020	16 379	21 791	27 245
Reserves to be backed by cash/investments									
Total Application of cash and investments:	(6 893)	3 437	22 834	1 230	(14 212)	4 349	(5 905)	(72)	2 680
Surplus(shortfall)	39 148	67 829	109 556	97 436	126 751	98 189	106 486	110 729	119 559

From the above table it can be seen that the cash and investments available total R102 5 million in the 2012/13 financial year and decrease to R100.5 million by 2013/14, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2012/13 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants.
- There is unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High

levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2012/13 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

- Long term investments consist primarily of the sinking funds for the repayment of a future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a surplus of R98,2m against the cash backed and accumulated surpluses reconciliation. When considering the funding requirements of section 18 and 19 of the MFMA, it needs to be noted that for all practical purposes the 2012/13 MTREF was funded as Council approved an amount of R6,6m generated from accumulated surplus during 2011/2012 to fund the cash shortfall from the 2012/2013 adjustments budget. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 42 MBRR SA10 – Funding compliance measurement

Description	MFMA section	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	29 623	70 004	126 699	87 646	101 518	91 518	84 202	88 867	94 994
Cash + investments at the yr end less applications	18(1)b	39 148	67 829	109 556	97 436	126 751	98 189	106 486	110 729	119 559
Cash year end/monthly employee/supplier payme	18(1)b	1,0	2,0	3,0	1,9	2,2	2,0	1,6	1,6	1,6
Surplus/(Deficit) excluding depreciation offsets: R'	18(1)	(17 918)	9 735	(73 705)	(24 985)	(40 000)	(40 000)	(47 218)	(59 200)	(53 767)
Service charge rev % change - macro CPIX target	18(1)a,(2)	N.A.	10,6%	8,5%	5,9%	(12,9%)	(6,0%)	5,3%	1,4%	0,8%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	101,0%	98,3%	106,1%	99,9%	106,4%	106,4%	98,5%	99,2%	99,1%
Debt impairment expense as a % of total billable r	18(1)a,(2)	2,3%	1,0%	(0,0%)	0,2%	0,2%	0,2%	0,0%	0,0%	0,0%
Capital payments % of capital expenditure	18(1)c;19	100,2%	97,7%	100,0%	110,1%	110,2%	110,2%	100,0%	100,0%	100,0%
Borrowing receipts % of capital expenditure (excl.	18(1)c	74,0%	69,1%	77,0%	46,9%	51,1%	40,6%	72,1%	86,8%	87,9%
Grants % of Govt. legislated/gazetted allocations	18(1)a							0,0%	0,0%	0,0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	6,9%	(15,3%)	(3,3%)	8,1%	0,0%	9,7%	3,6%	5,0%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(13,0%)	(14,3%)	(13,0%)	0,0%	0,0%	(33,4%)	(19,4%)	(20,5%)
R&M % of Property Plant & Equipment	20(1)(vi)	1,5%	1,9%	2,1%	3,7%	3,7%	3,7%	3,8%	4,2%	4,5%
Asset renewal % of capital budget	20(1)(vi)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	25,7%	32,9%	28,5%

Total Operating Revenue	510 022	607 290	615 146	695 427	657 582	657 582	748 031	783 552	848 644
Total Operating Expenditure	555 332	643 201	762 273	791 055	758 982	758 982	829 258	866 440	926 417
Operating Performance Surplus/(Deficit)	(45 310)	(35 911)	(147 127)	(95 627)	(101 399)	(101 399)	(81 227)	(82 887)	(77 773)
Cash and Cash Equivalents (30 June 2012)							84 202		
Revenue									
% Increase in Total Operating Revenue		19,1%	1,3%	13,1%	(5,4%)	0,0%	13,8%	4,7%	8,3%
% Increase in Property Rates Revenue		12,1%	6,0%	7,7%	(19,7%)	0,0%	11,4%	7,0%	5,8%
% Increase in Electricity Revenue		24,5%	22,6%	15,8%	(2,7%)	0,0%	12,4%	8,4%	7,8%
% Increase in Property Rates & Services Charges		16,6%	14,5%	11,9%	(6,9%)	0,0%	11,3%	7,4%	6,8%
Expenditure									
% Increase in Total Operating Expenditure		15,8%	18,5%	3,8%	(4,1%)	0,0%	9,3%	4,5%	6,9%
% Increase in Employee Costs		17,3%	11,0%	10,2%	(0,5%)	0,0%	10,3%	8,0%	6,5%
% Increase in Electricity Bulk Purchases		30,4%	24,6%	14,0%	(0,5%)	0,0%	9,2%	10,0%	10,0%
R&M % of PPE	1,5%	1,9%	2,1%	3,7%	3,7%	3,7%	3,8%	4,2%	4,5%
Asset Renewal and R&M as a % of PPE	1,0%	2,0%	2,0%	4,0%	4,0%	4,0%	5,0%	5,0%	5,0%
Debt Impairment % of Total Billable Revenue	2,3%	1,0%	(0,0%)	0,2%	0,2%	0,2%	0,0%	0,0%	0,0%
Capital Revenue									
Internally Funded & Other (R'000)	24 647	43 383	43 358	22 683	18 088	18 088	11 283	6 069	6 202
Borrowing (R'000)	70 000	86 942	99 489	83 901	77 146	77 146	59 861	40 000	45 000
Grant Funding and Other (R'000)	20 724	23 791	20 447	62 459	72 267	72 267	33 536	23 687	24 006
Internally Generated funds % of Non Grant Fun	26,0%	33,3%	30,4%	21,3%	19,0%	19,0%	15,9%	13,2%	12,1%
Borrowing % of Non Grant Funding	74,0%	66,7%	69,6%	78,7%	81,0%	81,0%	84,1%	86,8%	87,9%
Grant Funding % of Total Funding	18,0%	15,4%	12,5%	36,9%	43,1%	43,1%	32,0%	34,0%	31,9%
Capital Expenditure									
Total Capital Programme (R'000)	115 371	154 117	163 295	169 043	167 500	167 500	104 681	69 756	75 208
Asset Renewal	—	—	—	—	—	—	26 900	22 969	21 402
Asset Renewal % of Total Capital Expenditure	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	25,7%	32,9%	28,5%
Cash									
Cash Receipts % of Rate Payer & Other	101,0%	98,3%	106,1%	99,9%	106,4%	106,4%	98,5%	99,2%	99,1%
Cash Coverage Ratio	0	0	0	0	0	0	0	0	0
Borrowing									
Credit Rating (2009/10)							0		
Capital Charges to Operating	6,3%	4,5%	6,0%	6,9%	7,2%	7,2%	7,3%	7,6%	7,6%
Borrowing Receipts % of Capital Expenditure	74,0%	69,1%	77,0%	46,9%	51,1%	40,6%	72,1%	86,8%	87,9%
Reserves									
Surplus/(Deficit)	39 148	67 829	109 556	97 436	126 751	98 189	106 486	110 729	119 559
Free Services									
Free Basic Services as a % of Equitable Share	52,6%	109,8%	92,0%	77,5%	94,3%	94,3%	87,8%	76,2%	66,3%
Free Services as a % of Operating Revenue (excl operational transfers)	4,5%	10,6%	8,5%	7,4%	7,9%	7,9%	7,7%	7,8%	7,9%
High Level Outcome of Funding Compliance									
Total Operating Revenue	510 022	607 290	615 146	695 427	657 582	657 582	748 031	783 552	848 644
Total Operating Expenditure	555 332	643 201	762 273	791 055	758 982	758 982	829 258	866 440	926 417
Surplus/(Deficit) Budgeted Operating State	(45 310)	(35 911)	(147 127)	(95 627)	(101 399)	(101 399)	(81 227)	(82 887)	(77 773)
Surplus/(Deficit) Considering Reserves and	(6 161)	31 917	(37 571)	1 809	25 351	(3 210)	25 259	27 842	41 785
MTREF Funded (1) / Unfunded (0)	0	1	0	1	1	0	1	1	1
MTREF Funded ✓ / Unfunded ✗	✗	✓	✗	✓	✓	✗	✓	✓	✓

2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2013/14 MTREF shows R84 202 million, R88 867 million and R94 994 million for each respective financial year.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 24, on page 32. The reconciliation is

intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been climbing significantly for the period 2009/10 to 2013/14, moving from 1.1 to 1.5 with the adopted 2012/13 MTREF. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2013/14 MTREF the indicative outcome is a surplus of R7 million, R6 million and R7 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). Refer to Annexure B for Tariff List and Increases.

Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 98.5, 99.2 and 99.1 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 95 per cent performance target, the cash flow statement has been conservatively determined. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.5.6 Debt impairment expense as a percentage of billable revenue

Overstrand Municipality does not provide for Debt impairment under the Financial performance as the methodology for determining the provision for debt impairment will result in a decrease in the provision.

2.6.5.7 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

2.6.5.8 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 57.2, 57.3 and 59.8 per cent of own funded capital.

Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.5.9 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

2.6.5.10 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 87.

2.6.5.11 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 86.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 43 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	24 425	29 817	33 277	39 196	40 224	40 224	45 383	54 548	67 207
Local Government Equitable Share	22 452	28 067	31 156	36 146	36 146	36 146	41 949	52 164	64 741
Finance Management			1 250	1 250	1 250	1 250	1 300	1 450	1 500
Municipal Systems Improvement	1 570	1 000	790	800	800	800	890	934	966
EPWP Incentive	403	750	81	1 000	2 028	2 028	1 244		
Other transfers/grants [insert description]									
Provincial Government:	10 461	29 707	846	850	1 368	1 368	23 601	-	-
Housing	9 565	28 845			300	300	20 045		
	556	608	640	704	704	704	805		
	96	100	78	81	81	81			
	-	40	65	65	65	65	2 651		
Housing consumer education/ Thusong	244	114	63		218	218	100		
Other grant providers:	1 211	14 187	-	-	-	-	-	-	-
CSIR/Spaces4sport/Whale coast signag	1 003	13 250							
WWF table mountain fund/National lotto	208	937							
Total operating expenditure of Transfers and Grants	36 097	73 711	34 123	40 046	41 592	41 592	68 984	54 548	67 207
Capital expenditure of Transfers and Grants									
National Government:	16 115	17 243	57 463	21 165	37 020	37 020	24 755	23 687	24 006
Municipal Infrastructure Grant (MIG)	11 931	6 631	13 971	16 947	16 947	16 947	18 755	20 687	22 006
Public Transport and Systems									
Regional Bulk Infrastructure			36 212		15 174	15 174			
Neighbourhood Development Partnershi	2 264	6 973	5 281	2 418	3 099	3 099			
INEP	1 921	3 639	2 000	1 800	1 800	1 800	6 000	3 000	2 000
Provincial Government:	8 157	6 837	3 186	10 580	23 548	23 548	5 689	-	-
Housing/ABS	8 157	6 837	3 186	10 580	23 548	23 548	5 689		
Other grant providers:	-	19	650	-	331	-	982	-	-
Mobility strategy (pound)/ Walkways		19	650				982		
Municipal pound					331				
Total capital expenditure of Transfers and Grants	24 273	24 099	61 300	31 745	60 899	60 568	31 426	23 687	24 006
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	60 370	97 810	95 423	71 791	102 491	102 160	100 410	78 235	91 213

Table 44 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	823	–							
Current year receipts	22 208	28 176	35 455	39 496	40 224	40 224	45 383	54 548	67 207
Conditions met - transferred to revenue	23 031	28 176	35 455	39 496	40 224	40 224	45 383	54 548	67 207
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year	263	205							
Current year receipts	10 367	30 133	846	1 537	1 434	1 434	23 601	776	4 854
Conditions met - transferred to revenue	10 426	30 208	846	1 537	1 434	1 434	23 601	776	4 854
Conditions still to be met - transferred to liabilities	205	129							
Other grant providers:									
Balance unspent at beginning of the year					300	300			
Current year receipts									
Conditions met - transferred to revenue	–	–	–	–	300	300	–	–	–
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	33 457	58 384	36 301	41 033	41 958	41 958	68 984	55 324	72 061
Total operating transfers and grants - CTBM	205	129	–	–	–	–	–	–	–
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	–	–							
Current year receipts	12 566	21 406	17 261	50 082	48 719	48 719	24 755	23 687	24 006
Conditions met - transferred to revenue	12 566	17 443	17 261	50 082	48 719	48 719	24 755	23 687	24 006
Conditions still to be met - transferred to liabilities	–	3 963							
Provincial Government:									
Balance unspent at beginning of the year		–							
Current year receipts	8 157	7 329	3 186	12 377	23 548	23 548	8 781		
Conditions met - transferred to revenue	8 157	6 348	3 186	12 377	23 548	23 548	8 781	–	–
Conditions still to be met - transferred to liabilities		981							
Total capital transfers and grants revenue	20 724	23 791	20 447	62 459	72 267	72 267	33 536	23 687	24 006
Total capital transfers and grants - CTBM	–	4 944	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE	54 181	82 176	56 748	103 492	114 225	114 225	102 520	79 011	96 067
TOTAL TRANSFERS AND GRANTS - CTBM	205	5 073	–	–	–	–	–	–	–

2.8 Councillor and employee benefits

Table 45 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
	A	B	C	D	E	F	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>									
Basic Salaries and Wages	4 530	4 840	4 827	4 772	4 802	4 802	5 071	5 409	5 769
Pension and UIF Contributions			144	144	144	144	246	263	280
Medical Aid Contributions			65	69	69	69	81	86	92
Motor Vehicle Allowance			1 680	1 724	1 724	1 724	1 799	1 919	2 047
Cellphone Allowance				361	361	361			
Housing Allowances									
Other benefits and allowances									
Sub Total - Councillors	4 530	4 840	6 717	7 071	7 101	7 101	7 197	7 677	8 189
% increase		6,8%	38,8%	5,3%	0,4%	-	1,3%	6,7%	6,7%
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages	4 591	5 505	5 583	5 995	5 995	5 995	6 954	7 415	7 907
Pension and UIF Contributions	1 078	1 211	812	813	813	813	929	990	1 055
Medical Aid Contributions			167	189	189	189	218	237	261
Overtime									
Performance Bonus	262	7							
Motor Vehicle Allowance	702	447	402	454	454	454	438	438	438
Cellphone Allowance	90	126	128	119	119	119	157	167	177
Housing Allowances			2	6	6	6	6	6	6
Other benefits and allowances	24	25	115	134	134	134	101	107	113
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations			-						
Sub Total - Senior Managers of Municipality	6 747	7 320	7 210	7 710	7 710	7 710	8 803	9 360	9 957
% increase		8,5%	(1,5%)	6,9%	-	-	14,2%	6,3%	6,4%
<u>Other Municipal Staff</u>									
Basic Salaries and Wages	91 390	106 593	116 931	137 201	135 494	135 494	146 093	164 194	176 218
Pension and UIF Contributions	23 548	26 519	21 014	24 228	24 228	24 228	27 080	28 763	30 565
Medical Aid Contributions	6 193	7 007	7 354	9 831	9 831	9 831	11 179	12 231	13 332
Overtime	9 801	10 485	12 030	10 617	10 617	10 617	12 280	13 889	14 781
Performance Bonus	6 701	8 028	9 483	10 838	10 838	10 838	12 011	12 807	13 648
Motor Vehicle Allowance	5 917	7 026	8 240	9 648	9 648	9 648	10 714	9 714	9 717
Cellphone Allowance			725	677	677	677	1 737	1 829	1 944
Housing Allowances	1 042	968	1 023	1 096	1 096	1 096	945	945	945
Other benefits and allowances	8 380	11 920	10 461	8 551	8 597	8 597	9 082	9 527	10 157
Payments in lieu of leave				-	-	-	900	1 000	1 100
Long service awards				693	693	693	813	1 268	436
Post-retirement benefit obligations			13 467	8 000	8 415	8 415	9 630	5 859	6 209
Sub Total - Other Municipal Staff	152 973	178 546	200 729	221 381	220 136	220 136	242 462	262 027	279 052
% increase		16,7%	12,4%	10,3%	(0,6%)	-	10,1%	8,1%	6,5%
Total Parent Municipality	164 249	190 706	214 656	236 161	234 946	234 946	258 461	279 063	297 197
% increase		16,1%	12,6%	10,0%	(0,5%)	-	10,0%	8,0%	6,5%

Table 46 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
Councillors							
Speaker	1	392 542		149 687			542 229
Chief Whip				–			–
Executive Mayor	1	490 678		163 560			654 238
Deputy Executive Mayor	1	392 542		149 687			542 229
Executive Committee	3	1 472 033		566 039			2 038 072
Total for all other councillors	19	2 322 729		1 097 126			3 419 855
Total Councillors	25	5 070 524	–	2 126 099			7 196 623
Senior Managers of the Municipality							
Municipal Manager (MM)	1	1 257 400	301 734	34 872			1 594 006
Chief Finance Officer	1	1 118 725	317 704	26 134			1 462 563
Dir : Maagement Services	1	812 477	188 513	125 739			1 126 729
Dir : Community Services	1	1 069 713	41 364	104 784			1 215 861
Dir : Protection Services	1	777 961	37 117	142 872			957 950
Dir : LED	1	802 255	42 191	139 872			984 318
Dir : Infrastructure & Planing	1	1 115 866	269 571	75 876			1 461 313
Total Senior Managers of the Municipality	7	6 954 397	1 198 194	650 149	–		8 802 740
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	32	12 024 921	1 198 194	2 776 248	–		15 999 363

Table 47 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2011/12			Current Year 2012/13			Budget Year 2013/14		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Council Members of municipal entities)	25	7		25	7		25	7	
Municipal employees									
Municipal Manager and Senior Managers	7	6		7	7		7	7	
Other Managers	48	46		56	50		57	50	
Professionals	55	51	–	53	51	–	53	51	–
<i>Finance</i>	23	21		22	21		22	21	
<i>Spatial/town planning</i>	8	8		8	7		8	7	
<i>Information Technology</i>	1	1							
<i>Roads</i>	8	6		8	8		8	8	
<i>Electricity</i>	5	5		5	5		5	5	
<i>Water</i>	4	4		4	4		4	4	
<i>Sanitation</i>	3	3		3	3		3	3	
<i>Refuse</i>	3	3		3	3		3	3	
<i>Other</i>									
Technicians	212	179	–	213	184	–	213	184	–
<i>Finance</i>									
<i>Spatial/town planning</i>	6	6		6	6		6	6	
<i>Information Technology</i>	3	1		3	3		3	3	
<i>Roads</i>	3	3		3	2		3	2	
<i>Electricity</i>	22	21		22	17		22	17	
<i>Water</i>	3	3		4	2		4	2	
<i>Sanitation</i>	6	6		6	3		6	3	
<i>Refuse</i>	3	3		3	3		3	3	
<i>Other</i>	166	136		166	148		166	148	
Clerks (Clerical and administrative)	188	182		187	176		187	176	
Service and sales workers	51	48		54	52		54	52	
Skilled agricultural and fishery workers									
Craft and related trades									
Plant and Machine Operators	42	40		42	26		42	26	
Elementary Occupations	487	468		487	471		487	471	
TOTAL PERSONNEL NUMBERS	1 115	1 027	–	1 124	1 024	–	1 125	1 024	–
% increase				0,8%	(0,3%)	–	0,1%	–	–
Total municipal employees headcount	1 090	1 020		1 099	1 031		1 099	1 031	
Finance personnel headcount	126	119		126	117		126	117	
Human Resources personnel headcount	18	17		17	15		17	15	

2.9 Monthly targets for revenue, expenditure and cash flow

Table 48 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source															
Property rates	14 138	11 138	10 638	11 138	10 738	11 138	10 138	10 138	10 970	10 970	10 970	9 529	131 644	140 918	149 132
Property rates - penalties & collection charges	77	77	77	77	77	77	77	77	77	77	77	149	1 000	-	-
Service charges - electricity revenue	23 338	20 592	26 537	21 868	20 423	23 263	21 156	20 004	21 521	25 370	28 795	32 069	284 936	309 012	333 060
Service charges - water revenue	6 400	6 662	7 051	6 395	6 935	8 371	10 124	9 876	8 889	8 889	9 395	9 777	98 762	106 084	112 966
Service charges - sanitation revenue	4 873	4 873	4 873	4 873	4 873	5 178	6 092	4 861	5 178	5 178	4 873	5 190	60 917	64 148	67 571
Service charges - refuse revenue	3 943	3 866	3 916	3 937	3 948	4 938	4 734	4 900	4 411	5 411	4 411	4 519	52 934	56 530	59 922
Service charges - other												-	-	-	-
Rental of facilities and equipment	716	531	477	552	1 129	991	716	508	599	699	599	1 035	8 551	9 228	9 958
Interest earned - external investments	639	592	656	694	661	667	758	615	643	643	643	503	7 714	7 714	7 714
Interest earned - outstanding debtors	186	205	189	190	171	181	184	190	184	184	184	158	2 204	2 336	2 476
Dividends received												-	-	-	-
Fines	377	313	178	376	392	312	589	842	607	607	707	781	6 079	6 444	6 830
Licences and permits	170	188	132	154	146	133	199	188	171	191	171	205	2 046	2 116	2 243
Agency services	158	149	129	187	192	165	208	157	188	201	208	309	2 250	2 332	2 477
Transfers recognised - operational	15 142	127	271	103	275	8 420	389	263	17 246	6 898	8 420	11 430	68 984	55 324	72 061
Other revenue	1 671	1 197	1 400	2 447	2 099	1 841	1 447	1 243	1 801	2 001	1 801	1 065	20 011	21 367	22 235
Gains on disposal of PPE												-	-	-	-
Total Revenue (excluding capital transfers and contributions)	71 827	50 509	56 525	52 991	52 060	65 673	56 810	53 862	72 483	67 318	71 253	76 721	748 031	783 552	848 644
Expenditure By Type															
Employee related costs	14 970	18 650	18 625	18 490	29 418	19 560	23 334	19 169	21 101	23 101	20 101	24 746	251 264	271 387	289 009
Remuneration of councillors	561	561	561	561	561	561	777	592	600	600	600	663	7 197	7 677	8 189
Debt impairment												-	-	-	-
Depreciation & asset impairment	8 651	8 651	8 651	8 651	8 651	8 651	8 651	8 651	8 651	8 651	8 651	8 651	103 810	105 886	108 004
Finance charges	134	-	-	4 660	-	9 000	1 854	-	-	8 458	-	18 184	42 292	44 326	46 628
Bulk purchases	2 509	18 311	19 531	8 451	10 179	10 293	12 684	9 946	9 414	11 414	10 982	33 180	156 893	172 582	189 840
Other materials	437	819	945	1 257	1 455	1 328	1 492	903	1 255	1 255	1 255	2 653	15 055	16 219	16 968
Contracted services	792	3 161	2 999	5 362	3 444	3 761	4 264	5 607	8 213	9 015	11 618	21 911	80 147	84 966	91 230
Transfers and grants	3 264	3 339	3 323	3 229	3 158	3 498	3 079	1 315	3 498	3 498	3 498	4 069	38 766	41 092	43 557
Other expenditure	6 880	9 848	10 556	12 054	14 111	11 664	5 487	(9 842)	12 664	15 664	18 664	26 086	133 837	122 306	132 992
Loss on disposal of PPE												-	-	-	-
Total Expenditure	38 197	63 341	65 190	62 715	70 976	68 316	61 622	36 341	65 395	81 654	75 368	140 143	829 258	866 440	926 417
Surplus/(Deficit)	33 630	(12 832)	(8 666)	(9 724)	(18 917)	(2 642)	(4 813)	17 521	7 088	(14 336)	(4 115)	(63 422)	(81 227)	(82 887)	(77 773)
Transfers recognised - capital	3 553	4 024	2 533	5 009	5 632	6 264		472		3 643		1 795	32 926	23 687	24 006
Contributions recognised - capital						1 083						-	1 083	-	-
Contributed assets												-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	37 183	(8 808)	(6 132)	(4 715)	(13 285)	4 705	(4 813)	17 993	7 088	(10 693)	(4 115)	(61 627)	(47 218)	(59 200)	(53 767)

Table 49 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand															
<u>Revenue by Vote</u>															
Vote 1 - Council	3 260	3 459	3 393	3 576	3 526	3 959	3 942	3 643	3 526	3 576	3 559	3 866	43 285	53 570	66 155
Vote 2 - Municipal Manager												-	-	-	-
Vote 3 - Management Services	65	69	68	72	71	79	79	73	71	72	71	77	866	917	973
Vote 4 - Finance	11 505	12 210	11 975	12 621	12 445	13 972	13 914	12 856	12 445	12 621	12 562	13 643	152 769	162 861	171 884
Vote 5 - Community Services	20 745	22 017	21 593	22 758	22 441	25 195	25 089	23 182	22 441	22 758	22 652	24 602	275 474	260 804	280 491
Vote 6 - Local Economic Development	94	99	98	103	101	114	113	105	101	103	102	111	1 244	-	-
Vote 7 - Infrastructure & Planning	22 292	23 658	23 203	24 455	24 113	27 074	26 960	24 910	24 113	24 455	24 341	26 436	296 010	316 073	339 365
Vote 8 - Protection Services	933	990	971	1 024	1 010	1 133	1 129	1 043	1 010	1 024	1 019	1 107	12 393	13 014	13 783
Total Revenue by Vote	58 894	62 503	61 300	64 609	63 706	71 527	71 226	65 812	63 706	64 609	64 308	69 842	782 040	807 239	872 650
<u>Expenditure by Vote to be appropriated</u>															
Vote 1 - Council	3 404	4 702	4 847	4 702	4 991	4 630	4 702	4 702	4 702	4 847	5 207	6 260	57 699	56 883	60 334
Vote 2 - Municipal Manager	115	159	164	159	169	156	159	159	159	164	176	212	1 949	2 066	2 223
Vote 3 - Management Services	630	871	897	871	924	857	871	871	871	897	964	1 159	10 681	12 212	12 394
Vote 4 - Finance	1 459	2 015	2 077	2 015	2 139	1 984	2 015	2 015	2 015	2 077	2 231	2 683	24 726	31 192	35 011
Vote 5 - Community Services	23 302	32 189	33 176	32 189	34 164	31 695	32 189	32 189	32 189	33 176	35 645	42 853	394 956	396 516	421 634
Vote 6 - Local Economic Development	490	677	697	677	718	666	677	677	677	697	749	901	8 303	8 143	8 509
Vote 7 - Infrastructure & Planning	16 925	23 379	24 096	23 379	24 813	23 020	23 379	23 379	23 379	24 096	25 889	31 124	286 859	309 131	332 617
Vote 8 - Protection Services	2 601	3 593	3 703	3 593	3 813	3 538	3 593	3 593	3 593	3 703	3 979	4 783	44 085	50 296	53 697
Total Expenditure by Vote	48 926	67 585	69 658	67 585	71 731	66 548	67 585	67 585	67 585	69 658	74 841	89 975	829 258	866 440	926 417
Surplus/(Deficit) before assoc.	9 967	(5 081)	(8 358)	(2 976)	(8 025)	4 979	3 641	(1 773)	(3 878)	(5 049)	(10 533)	(20 132)	(47 218)	(59 200)	(53 767)

Table 50 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description R thousand	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard															
Governance and administration	22 517	12 392	12 153	12 809	19 135	20 685	18 457	13 048	23 471	17 145	12 750	13 847	198 408	218 743	244 652
Executive and council	10 841				6 504	6 504	4 336		10 841	4 336			43 363	53 653	66 243
Budget and treasury office	11 505	12 210	11 975	12 621	12 445	13 972	13 914	12 856	12 445	12 621	12 562	13 643	152 769	162 861	171 884
Corporate services	171	182	178	188	185	208	207	192	185	188	187	203	2 277	2 229	6 526
Community and public safety	3 928	4 168	4 088	4 309	4 249	4 770	4 750	4 389	4 249	4 309	4 289	4 658	52 154	30 267	30 069
Community and social services	156	166	163	172	169	190	189	175	169	172	171	186	2 078	2 290	2 410
Sport and recreation	867	920	902	951	938	1 053	1 048	969	938	951	946	1 028	11 509	14 502	13 394
Public safety	933	990	971	1 024	1 010	1 133	1 129	1 043	1 010	1 024	1 019	1 107	12 393	13 014	13 783
Housing	1 971	2 092	2 052	2 162	2 132	2 394	2 384	2 203	2 132	2 162	2 152	2 338	26 174	460	482
Health	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services	1 424	1 512	1 482	1 562	1 541	1 730	1 723	1 592	1 541	1 562	1 555	1 689	18 913	17 185	5 743
Planning and development	370	392	385	405	400	449	447	413	400	405	404	438	4 908	3 724	3 948
Road transport	1 050	1 114	1 093	1 151	1 135	1 275	1 269	1 173	1 135	1 151	1 146	1 245	13 938	13 389	1 719
Environmental protection	5	5	5	6	5	6	6	6	5	6	6	6	68	72	76
Trading services	38 600	40 966	40 177	42 346	41 754	46 880	46 683	43 134	41 754	42 346	42 149	45 776	512 566	541 044	592 186
Electricity	22 011	23 360	22 910	24 147	23 810	26 732	26 620	24 596	23 810	24 147	24 034	26 103	292 279	312 277	335 341
Water	7 507	7 967	7 814	8 235	8 120	9 117	9 079	8 389	8 120	8 235	8 197	8 902	99 682	106 450	119 233
Waste water management	5 090	5 402	5 298	5 583	5 506	6 181	6 155	5 687	5 506	5 583	5 557	6 036	67 584	65 696	77 593
Waste management	3 993	4 238	4 156	4 380	4 319	4 849	4 829	4 462	4 319	4 380	4 360	4 735	53 020	56 621	60 019
Other															
Total Revenue - Standard	66 469	59 037	57 901	61 026	66 678	74 065	71 613	62 163	71 015	65 362	60 742	65 970	782 040	807 239	872 650
Expenditure - Standard															
Governance and administration	7 156	9 885	10 188	9 885	10 491	9 733	9 885	9 885	9 885	10 188	10 946	13 160	121 288	128 282	136 849
Executive and council	3 958	5 467	5 635	5 467	5 803	5 384	5 467	5 467	5 467	5 635	6 054	7 279	67 085	66 180	69 879
Budget and treasury office	1 459	2 015	2 077	2 015	2 139	1 984	2 015	2 015	2 015	2 077	2 231	2 683	24 726	31 192	35 011
Corporate services	1 739	2 402	2 476	2 402	2 550	2 366	2 402	2 402	2 402	2 476	2 660	3 198	29 478	30 910	31 959
Community and public safety	7 234	9 993	10 300	9 993	10 606	9 840	9 993	9 993	9 993	10 300	11 066	13 304	122 618	116 443	123 876
Community and social services	1 803	2 490	2 567	2 490	2 643	2 452	2 490	2 490	2 490	2 567	2 757	3 315	30 554	34 580	37 056
Sport and recreation	1 255	1 733	1 786	1 733	1 839	1 707	1 733	1 733	1 733	1 786	1 919	2 307	21 265	24 293	25 359
Public safety	2 601	3 593	3 703	3 593	3 813	3 538	3 593	3 593	3 593	3 703	3 979	4 783	44 085	50 296	53 697
Housing	1 576	2 177	2 244	2 177	2 311	2 144	2 177	2 177	2 177	2 244	2 411	2 899	26 714	7 274	7 763
Health	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services	8 263	11 415	11 765	11 415	12 115	11 240	11 415	11 415	11 415	11 765	12 640	15 196	140 057	142 267	149 360
Planning and development	1 822	2 517	2 595	2 517	2 672	2 479	2 517	2 517	2 517	2 595	2 788	3 351	30 888	31 507	33 332
Road transport	5 979	8 259	8 512	8 259	8 765	8 132	8 259	8 259	8 259	8 512	9 145	10 995	101 332	102 023	107 077
Environmental protection	462	639	658	639	678	629	639	639	639	658	707	850	7 837	8 738	8 952
Trading services	26 272	36 292	37 405	36 292	38 518	35 735	36 292	36 292	36 292	37 405	40 188	48 314	445 295	479 447	516 332
Electricity	14 414	19 911	20 522	19 911	21 132	19 606	19 911	19 911	19 911	20 522	22 049	26 507	244 306	264 919	286 206
Water	5 433	7 504	7 735	7 504	7 965	7 389	7 504	7 504	7 504	7 735	8 310	9 991	92 079	99 702	104 643
Waste water management	3 549	4 902	5 053	4 902	5 203	4 827	4 902	4 902	4 902	5 053	5 428	6 526	60 149	64 328	67 620
Waste management	2 877	3 974	4 096	3 974	4 218	3 913	3 974	3 974	3 974	4 096	4 401	5 290	48 760	50 498	57 863
Other															
Total Expenditure - Standard	48 926	67 585	69 658	67 585	71 731	66 548	67 585	67 585	67 585	69 658	74 841	89 975	829 258	866 440	926 417
Surplus/(Deficit) before assoc.	17 543	(8 547)	(11 757)	(6 558)	(5 053)	7 517	4 028	(5 422)	3 430	(4 295)	(14 099)	(24 005)	(47 218)	(59 200)	(53 767)

Table 51 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Multi-year expenditure to be appropriated</u>															
Vote 1 - Council												-	-	-	-
Vote 2 - Municipal Manager												-	-	-	-
Vote 3 - Management Services	72	72	29	72	86	115	43	101	115	130	273	331	1 439	669	702
Vote 4 - Finance												-	-	-	-
Vote 5 - Community Services	3 152	3 152	1 261	3 152	3 783	5 044	1 891	4 413	5 044	5 674	11 979	14 501	63 047	51 087	56 006
Vote 6 - Local Economic Development												-	-	-	-
Vote 7 - Infrastructure & Planning	2 010	2 010	804	2 010	2 412	3 216	1 206	2 814	3 216	3 617	7 637	9 245	40 194	18 000	18 500
Vote 8 - Protection Services												-	-	-	-
Capital multi-year expenditure sub-total	5 234	5 234	2 094	5 234	6 281	8 374	3 140	7 328	8 374	9 421	19 889	24 077	104 681	69 756	75 208
<u>Single-year expenditure to be appropriated</u>															
Vote 1 - Council												-	-	-	-
Vote 2 - Municipal Manager												-	-	-	-
Vote 3 - Management Services												-	-	-	-
Vote 4 - Finance												-	-	-	-
Vote 5 - Community Services												-	-	-	-
Vote 6 - Local Economic Development												-	-	-	-
Vote 7 - Infrastructure & Planning												-	-	-	-
Vote 8 - Protection Services												-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	5 234	5 234	2 094	5 234	6 281	8 374	3 140	7 328	8 374	9 421	19 889	24 077	104 681	69 756	75 208

Table 52 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description R thousand	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard															
Governance and administration	374	374	150	374	449	598	224	523	598	673	1 421	1 720	7 477	6 069	6 202
Executive and council													—	—	—
Budget and treasury office													—	—	—
Corporate services	374	374	150	374	449	598	224	523	598	673	1 421	1 720	7 477	6 069	6 202
Community and public safety	490	490	196	490	588	783	294	685	783	881	1 860	2 252	9 792	6 620	5 269
Community and social services													—	—	—
Sport and recreation	205	205	82	205	246	328	123	287	328	369	780	944	4 103	6 620	5 269
Public safety													—	—	—
Housing	284	284	114	284	341	455	171	398	455	512	1 081	1 308	5 689	—	—
Health													—	—	—
Economic and environmental services	710	710	284	710	852	1 136	426	994	1 136	1 278	2 698	3 266	14 200	13 155	1 719
Planning and development													—	—	—
Road transport	710	710	284	710	852	1 136	426	994	1 136	1 278	2 698	3 266	14 200	13 155	1 719
Environmental protection													—	—	—
Trading services	3 661	3 661	1 464	3 661	4 393	5 857	2 196	5 125	5 857	6 589	13 910	16 839	73 212	43 912	62 018
Electricity	2 010	2 010	804	2 010	2 412	3 216	1 206	2 814	3 216	3 617	7 637	9 245	40 194	18 000	18 500
Water	795	795	318	795	954	1 272	477	1 113	1 272	1 431	3 021	3 657	15 900	21 412	27 169
Waste water management	786	786	314	786	943	1 257	472	1 100	1 257	1 415	2 986	3 615	15 718	4 500	16 348
Waste management	70	70	28	70	84	112	42	98	112	126	266	322	1 400	—	—
Other													—	—	—
Total Capital Expenditure - Standard	5 234	5 234	2 094	5 234	6 281	8 374	3 140	7 328	8 374	9 421	19 889	24 077	104 681	69 756	75 208

Table 53 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand															
Cash Receipts By Source															
Property rates	14 017	11 031	10 547	11 033	10 636	11 043	10 050	10 046	10 873	10 882	10 885	9 459	130 503	140 698	148 882
Property rates - penalties & collection charges	77	77	77	77	77	77	77	77	77	77	77	149	1 000	-	-
Service charges - electricity revenue	23 139	20 395	26 310	21 663	20 229	23 065	20 973	19 823	21 330	25 165	28 572	31 833	282 495	308 530	332 503
Service charges - water revenue	6 345	6 598	6 991	6 335	6 869	8 300	10 036	9 786	8 810	8 817	9 322	9 705	97 913	105 919	112 777
Service charges - sanitation revenue	4 832	4 827	4 832	4 828	4 827	5 134	6 039	4 817	5 132	5 136	4 836	5 152	60 390	64 048	67 458
Service charges - refuse revenue	3 909	3 829	3 883	3 900	3 911	4 896	4 693	4 856	4 372	5 367	4 377	4 486	52 478	56 442	59 822
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	710	525	473	547	1 118	983	710	503	593	693	594	1 027	8 477	9 213	9 941
Interest earned - external investments	639	592	656	694	661	667	758	615	643	643	643	503	7 714	7 714	7 714
Interest earned - outstanding debtors	186	205	189	190	171	181	184	190	184	184	184	158	2 204	2 336	2 476
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	377	313	178	376	392	312	589	842	607	607	707	781	6 079	6 444	6 830
Licences and permits	170	188	132	154	146	133	199	188	171	191	171	205	2 046	2 116	2 243
Agency services	158	149	129	187	192	165	208	157	188	201	208	309	2 250	2 332	2 477
Transfer receipts - operational	15 142	127	271	103	275	8 420	389	263	17 246	6 898	8 420	11 430	68 984	55 324	72 061
Other revenue	1 484	1 009	1 212	2 259	1 911	1 653	1 259	1 055	1 614	1 814	1 614	878	17 761	19 316	18 921
Cash Receipts by Source	71 182	49 865	55 880	52 346	51 415	65 029	56 165	53 218	71 838	66 673	70 608	76 077	740 294	780 431	844 105
Other Cash Flows by Source															
Transfer receipts - capital	3 553	4 024	2 533	5 009	5 632	6 264	-	472	-	3 643	-	1 795	32 926	23 687	24 006
Contributions recognised - capital & Contributions	-	-	-	-	-	1 083	-	-	-	-	-	-	1 083	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	10 000	-	-	-	-	-	-	-	-	-	-	41 300	51 300	40 000	45 000
Increase (decrease) in consumer deposits	309	309	309	309	309	309	309	309	309	309	309	309	3 704	4 097	4 532
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	4	4	4	4	4	4	4	4	4	4	4	4	48	14	14
Decrease (increase) in non-current investments	(447)	(447)	(447)	(447)	(447)	(447)	(447)	(447)	(447)	(447)	(447)	(447)	(5 359)	(5 411)	(5 454)
Total Cash Receipts by Source	84 601	53 754	58 280	57 221	56 913	72 242	56 031	53 556	71 704	70 182	70 474	119 037	823 996	842 818	912 203
Cash Payments by Type															
Employee related costs	14 191	17 871	17 846	17 711	28 639	18 781	22 556	18 390	20 322	22 322	19 322	23 967	241 918	265 932	283 228
Remuneration of councillors	561	561	561	561	561	561	777	592	600	600	600	663	7 197	7 677	8 189
Finance charges	134	-	-	4 660	-	9 000	1 854	-	-	8 458	-	18 184	42 292	44 326	46 628
Bulk purchases - Electricity	2 509	18 311	19 531	8 451	10 179	10 293	12 684	9 946	9 414	11 414	10 982	33 180	156 893	172 582	189 840
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	437	819	945	1 257	1 455	1 328	1 492	903	1 255	1 255	1 255	2 653	15 055	16 219	16 968
Contracted services	792	3 161	2 999	5 362	3 444	3 761	4 264	5 607	8 213	9 015	11 618	21 911	80 147	84 966	91 230
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	3 264	3 339	3 323	3 229	3 158	3 498	3 079	1 315	3 498	3 498	3 498	4 069	38 766	41 092	43 557
Other expenditure	6 255	9 223	9 931	11 429	13 486	11 039	4 862	(10 467)	12 039	15 039	18 039	25 460	126 334	114 383	127 308
Cash Payments by Type	28 142	53 286	55 136	52 660	60 922	58 261	51 567	26 286	55 340	71 600	65 313	130 088	708 600	747 176	806 949
Other Cash Flows/Payments by Type															
Capital assets	5 234	5 234	2 094	5 234	6 281	8 374	3 140	7 328	8 374	9 421	19 889	24 077	104 681	69 756	75 208
Repayment of borrowing	952	-	51	3 979	890	2 881	903	-	54	4 252	928	3 142	18 032	21 220	23 920
Other Cash Flows/Payments															
Total Cash Payments by Type	34 328	58 520	57 280	61 873	68 092	69 516	55 611	33 614	63 768	85 272	86 131	157 307	831 313	838 153	906 076
NET INCREASE/(DECREASE) IN CASH HELD	50 273	(4 766)	999	(4 652)	(11 179)	2 726	420	19 942	7 936	(15 090)	(15 657)	(38 270)	(7 317)	4 665	6 127
Cash/cash equivalents at the month/year begin:	91 518	141 792	137 026	138 025	133 373	122 194	124 920	125 341	145 282	153 218	138 128	122 472	91 518	84 202	88 867
Cash/cash equivalents at the month/year end:	141 792	137 026	138 025	133 373	122 194	124 920	125 341	145 282	153 218	138 128	122 472	84 202	84 202	88 867	94 994

2.10 Annual budgets and SDBIPs – internal departments

The Draft SDBIP will be tabled at the Council meeting to be held on 27 March 2013.

2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 54 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	95 211	104 389	125 767	132 186	122 858	122 858	60 511	34 767	42 237
Infrastructure - Road transport	26 529	20 923	5 477	11 720	10 720	10 720	14 200	13 155	1 719
Roads, Pavements & Bridges	20 760	15 761	5 477	7 255	5 730	5 730	14 200	13 155	919
Storm water	5 769	5 162		4 465	4 990	4 990			800
Infrastructure - Electricity	27 752	32 411	30 061	50 283	28 341	28 341	23 894	11 400	10 000
Generation									
Transmission & Reticulation	27 752	32 411	30 061	50 283	28 341	28 341	23 894	11 400	10 000
Street Lighting									
Infrastructure - Water	29 797	34 053	57 384	50 128	58 919	58 919	7 300	8 212	17 169
Dams & Reservoirs	29 797								
Water purification		34 053	57 384	50 128	58 919	58 919	7 300	8 212	17 169
Reticulation									
Infrastructure - Sanitation	5 139	15 142	32 650	13 055	17 877	17 877	13 718	2 000	13 348
Reticulation									
Sewerage purification	5 139	15 142	32 650	13 055	17 877	17 877	13 718	2 000	13 348
Infrastructure - Other	5 993	1 859	196	7 000	7 000	7 000	1 400	-	-
Waste Management	5 993	1 859	196	7 000	7 000	7 000	1 400		
Transportation									
Gas									
Other									
Community	18 326	17 814	13 460	23 758	34 429	34 429	9 792	6 620	6 069
Parks & gardens				1 300					
Sportsfields & stadia	1 083	1 743	5 538	1 698	2 024	2 024	4 103	6 620	5 269
Swimming pools									
Community halls	17 243				2 178	2 178			
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing		19	645	297	327	327			
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing		7 118		13 580	23 548	23 548	5 689		
Other		8 934	7 278	6 883	6 351	6 351			800
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings									
Other									
Investment properties	-	-	-	-	-	-	-	-	-
Housing development									
Other									
Other assets	1 834	31 915	24 067	12 255	9 369	9 369	6 638	5 400	5 500
General vehicles		2 847	6 800	3 924	3 920	3 920	4 695	4 000	4 000
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment	1 244	1 748	928		799	799	600		
Furniture and other office equipment		3 202	3 986	1 731	2 084	2 084	1 343	1 400	1 500
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings									
Other Land									
Surplus Assets - (Investment or Inventory)									
Other	590	24 118	12 352	6 600	2 565	2 565			
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class									
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class									
Intangibles	-	-	-	845	845	845	839	-	-
Computers - software & programming				845	845	845	839		
Other (list sub-class)									
Total Capital Expenditure on new ass	115 371	154 117	163 295	169 043	167 500	167 500	77 781	46 787	53 806
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse									
Fire									
Conservancy									
Ambulances									

Table 55 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	-	-	-	-	-	26 900	22 300	20 700
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges									
Storm water									
Infrastructure - Electricity	-	-	-	-	-	-	16 300	6 600	8 500
Generation									
Transmission & Reticulation							16 300	6 600	8 500
Street Lighting									
Infrastructure - Water	-	-	-	-	-	-	8 600	13 200	10 000
Dams & Reservoirs									
Water purification							8 600	13 200	10 000
Reticulation									
Infrastructure - Sanitation	-	-	-	-	-	-	2 000	2 500	2 200
Reticulation									
Sewerage purification							2 000	2 500	2 200
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management									
Transportation									
Gas									
Other									
Community	-	-	-	-	-	-	-	-	-
Parks & gardens									
Sportsfields & stadia									
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other									
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings									
Other									
Investment properties	-	-	-	-	-	-	-	-	-
Housing development									
Other									
Other assets	-	-	-	-	-	-	-	-	-
General vehicles									
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment									
Furniture and other office equipment									
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings									
Other Land									
Surplus Assets - (Investment or Inventory)									
Other									
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class									
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class									
Intangibles	-	-	-	-	-	-	-	669	702
Computers - software & programming								669	702
Other (list sub-class)									
Total Capital Expenditure on renewal	-	-	-	-	-	-	26 900	22 969	21 402
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse									
Fire									
Conservancy									
Ambulances									
Renewal of Existing Assets as % of total capital expenditure	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	25,7%	32,9%	28,5%
Renewal of Existing Assets as % of total operating expenditure	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	25,9%	21,7%	19,8%

Table 56 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	30 167	38 271	43 120	87 156	87 156	87 156	90 840	96 568	102 398
Infrastructure - Road transport	18 847	25 980	25 843	42 407	42 407	42 407	44 506	47 320	50 153
Roads, Pavements & Bridges	18 196	25 391	25 231	39 842	39 842	39 842	42 232	44 766	47 452
Storm water	651	588	611	2 565	2 565	2 565	2 274	2 554	2 701
Infrastructure - Electricity	4 377	3 998	4 601	14 091	14 091	14 091	14 285	15 169	16 049
Generation									
Transmission & Reticulation	4 377	3 998	4 601	14 091	14 091	14 091	14 285	15 169	16 049
Street Lighting									
Infrastructure - Water	2 333	3 568	6 892	21 484	21 484	21 484	22 773	24 139	25 588
Dams & Reservoirs	2 333	3 568	52	82	82	82	87	92	97
Water purification			1 709	1 965	1 965	1 965	2 083	2 208	2 340
Reticulation			5 132	19 437	19 437	19 437	20 604	21 840	23 150
Infrastructure - Sanitation	3 205	3 564	4 568	7 669	7 669	7 669	7 680	8 248	8 815
Reticulation	3 205	3 564	3 687	6 618	6 618	6 618	6 566	7 067	7 563
Sewerage purification			882	1 051	1 051	1 051	1 114	1 181	1 252
Infrastructure - Other	1 405	1 162	1 215	1 505	1 505	1 505	1 596	1 691	1 793
Waste Management	1 405	1 162	1 215	1 505	1 505	1 505	1 596	1 691	1 793
Transportation									
Gas									
Other									
Community	2 941	3 574	6 012	5 218	5 218	5 218	6 151	6 394	6 773
Parks & gardens	868	993	1 410	1 535	1 535	1 535	1 627	1 724	1 828
Sportsfields & stadia	435	399	456	959	959	959	1 017	1 078	1 143
Swimming pools	172	312	228	296	296	296	314	333	353
Community halls	920	1 017	734	922	922	922	977	1 036	1 098
Libraries	114	110	180	164	164	164	174	185	196
Recreational facilities									
Fire, safety & emergency	382	641	538	657	657	657	696	738	782
Security and policing			524	507	507	507	538	570	604
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries	50	103	37	62	62	62	65	69	73
Social rental housing									
Other			1 905	117	117	117	743	662	697
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings									
Other									
Investment properties	137	199	270	207	207	207	219	233	247
Housing development	137	199	270	207	207	207	219	233	247
Other									
Other assets	12 717	16 195	15 443	21 832	21 832	21 832	21 167	24 517	26 199
General vehicles	1 436	4 600	4 682	5 051	5 051	5 051	3 379	5 662	6 212
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment	3 144	4 215	4 309	5 035	5 035	5 035	5 337	5 657	5 997
Furniture and other office equipment									
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings	712	1 449	1 023	1 231	1 231	1 231	1 304	1 383	1 466
Other Land									
Surplus Assets - (Investment or Inventory)									
Other	7 425	5 931	5 429	10 516	10 516	10 516	11 147	11 815	12 524
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class									
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class									
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming									
Other (list sub-class)									
Total Repairs and Maintenance Expe	45 961	58 239	64 845	114 413	114 413	114 413	118 377	127 712	135 616
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse									
Fire									
Conservancy									
Ambulances									
R&M as a % of PPE	1,5%	1,9%	2,1%	3,7%	3,7%	3,7%	3,8%	4,2%	4,5%
R&M as % Operating Expenditure	8,3%	9,1%	8,5%	14,5%	15,1%	15,1%	14,3%	14,7%	14,6%

Table 57 MBRR SA35 - Future financial implications of the capital budget

Vote Description	2013/14 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Present value
R thousand							
Capital expenditure							
Vote 1 - Council	–	–	–				
Vote 2 - Municipal Manager	–	–	–				
Vote 3 - Management Services	1 439	669	702				
Vote 4 - Finance	–	–	–				
Vote 5 - Community Services	63 047	51 087	56 006				
Vote 6 - Local Economic Development	–	–	–				
Vote 7 - Infrastructure & Planning	40 194	18 000	18 500				
Vote 8 - Protection Services	–	–	–				
Total Capital Expenditure	104 681	69 756	75 208	–	–	–	–
Future operational costs by vote							
Vote 1 - Council							
Vote 2 - Municipal Manager							
Vote 3 - Management Services							
Vote 4 - Finance							
Vote 5 - Community Services							
Vote 6 - Local Economic Development							
Vote 7 - Infrastructure & Planning							
Vote 8 - Protection Services							
Total future operational costs	–	–	–	–	–	–	–
Future revenue by source							
Property rates							
Property rates - penalties & collection charges							
Service charges - electricity revenue							
Service charges - water revenue							
Service charges - sanitation revenue							
Service charges - refuse revenue							
Service charges - other							
Rental of facilities and equipment							
Total future revenue	–	–	–	–	–	–	–
Net Financial Implications	104 681	69 756	75 208	–	–	–	–

Table 58 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project R thousand	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No) 6	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Total Project Estimate	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal
300 - INFORMATION & COMMUNICATION TECHNOLOGY									928	1 656					
Intangible assets - Microsoft licenses	Intangible assets - Microsoft licenses			No	Other	Computers - software & programming	LAT: -34° 25' 2.823"LONG: 19° 14' 17.9946"				839	669	702	Overstrand	Renewal
Time and attendance system	Time and attendance system			No	Other	Computers - hardware/equipment	LAT: -34° 25' 2.823"LONG: 19° 14' 17.9946"				600			Overstrand	New
300 - PROPERTY SERVICES					Other				12 352	2 565					
400 - COMMUNITY BUILDINGS										2 179					
500 - SPORT & RECREATION									5 538	2 024	4 103	6 620	4 069	Ward 09	New
Overhills:Kleinmond Soccer Field	Overhills:Kleinmond Soccer Field			No	Other	Sportsfields & stadia	19°01'00"E 34°20'14"S						1 000	Ward 05	New
Zwelihle :Community Soccerfield	Zwelihle :Community Soccerfield			No	Other	Sportsfields & stadia	19°12'47"E 34°25'24"S						200	Ward 09	New
Floodlights	Floodlights			No	Other	Sportsfields & stadia	19°01'00"E 34°20'14"S								
600 - PUBLIC SAFETY										327					
700 - HOUSING										23 548	4 200			Ward 02	New
Gansbaai project- 155 SITES	Gansbaai project- 155 SITES			No	Infrastructure - Other	Social rental housing	Lat:-34.587317 Long: 19.354418				126			Ward 01	New
Masakhane project-126 SITES	Masakhane project-126 SITES			No	Infrastructure - Other	Social rental housing	Lat:-34.591481 / Long:19.360578				450			Ward 02	New
Blompark - 450 SITES	Blompark - 450 SITES			No	Infrastructure - Other	Social rental housing	Lat:-34.597053 / Long:19.347458				190			Ward 02	New
Beverly Hills project-190 SITES	Beverly Hills project-190 SITES			No	Infrastructure - Other	Social rental housing	Lat:-34.596490 / Long:19.342096				320			Ward 03	New
Hermanus Swartdamweg Institutional -320 SITES	Hermanus Swartdamweg Institutional -320 SITES			No	Infrastructure - Other	Social rental housing	Lat:-34.422625 / Long:19.218775				146			Ward 03	New
Hermanus Swartdamweg -146 SITES	Hermanus Swartdamweg -146 SITES			No	Infrastructure - Other	Social rental housing	Lat:-34.427247 / Long:19.219905				77			Ward 06	New
Zwelihle Garden site -77 SITES	Zwelihle Garden site -77 SITES			No	Infrastructure - Other	Social rental housing	Lat:-34.428862/Long:19.209599				180			Ward 06	New
Zwelihle Mandela Square -180 SITES	Zwelihle Mandela Square -180 SITES			No	Infrastructure - Other	Social rental housing	Lat:-34.430572 / Long: 19.210226								
900 - LOCAL ECONOMIC DEVELOPMENT										3 388					
1000 - ROADS									5 477	10 720	6 558			Ward 03,04	New
Hermanus parallel road	Hermanus parallel road			No	Infrastructure - Road transport	Roads, Pavements & Bridges	34°25'15.14"S 19°12'36.76"E				2 482			Ward 03,04	New
Hermanus parallel road(Cycling& pedestrian ways)	Hermanus parallel road(Cycling& pedestrian ways)			No	Infrastructure - Road transport	Roads, Pavements & Bridges	34°25'15.14"S 19°12'36.76"E				5 160			Ward 08	New
Hawston: Upgrade roads	Hawston: Upgrade roads			No	Infrastructure - Road transport	Roads, Pavements & Bridges	34°23'15.13"S 19°08'03"E					6 676	1 719	Ward 04	New
Rehabilitate Roads & upgrade stormwater	Rehabilitate Roads & upgrade stormwater			No	Infrastructure - Road transport	Roads, Pavements & Bridges	19°13'01"E 34°25'18"S				6 480			Ward 05	New
Upgrade roads	Upgrade roads			No	Infrastructure - Road transport	Roads, Pavements & Bridges	19°12'39"E 34°25'19"S								

Table 62 MBRR 36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No) 6	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Total Project Estimate	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal
1200 - ELECTRICITY	New 66kVA S/S			No	Infrastructure - Electricity	Transmission & Reticulation	34° 25' 25.00" S 19° 13' 09.25" E		30 061	28 341	14 261			Ward 03,04	New
Kleinmond: Replace Main Substation Switchgear	Kleinmond: Replace Main Substation Switchgear			No	Infrastructure - Electricity	Transmission & Reticulation	34° 20' 13.74" S 19° 00' 18.00" E				4 300			Ward 09	Renewal
Hermanus: LV Upgrade/Replacement	Hermanus: LV Upgrade/Replacement			No	Infrastructure - Electricity	Transmission & Reticulation	34°24'59.05" S 19°14'43.85" E					2 100	6 000	Ward 03	Renewal
Stanford: MV and LV upgrading in Industrial area	Stanford: MV and LV upgrading in Industrial area			No	Infrastructure - Electricity	Transmission & Reticulation	19.454895 -34.446763				1 800			Ward 11	Renewal
Kleinbaai: New MV feeder from Apie Le Roux to Bester	Kleinbaai: New MV feeder from Apie Le Roux to Bester			No	Infrastructure - Electricity	Transmission & Reticulation	19°21'22.262"E 34°36'49.573"S						1 400	Ward 01	New
Kleinmond: MV Network Upgrading	Kleinmond: MV Network Upgrading			No	Infrastructure - Electricity	Transmission & Reticulation	34° 20' 13.74" S 19° 00' 18.00" E					500	500	Ward 09	New
Apie Le Roux -Franskraal upgrade	Apie Le Roux -Franskraal upgrade			No	Infrastructure - Electricity	Transmission & Reticulation	19.349532 -34.607300				2 500			Ward 01	New
FK Upgrading of LV network Meyerstreet	FK Upgrading of LV network Meyerstreet			No	Infrastructure - Electricity	Transmission & Reticulation	19.399756 -34.604356				850			Ward 01	New
Gansbaai: Miniature substation upgrading	Gansbaai: Miniature substation upgrading			No	Infrastructure - Electricity	Transmission & Reticulation	19.351879 -34.585351				1 150	1 000		Ward 02	New
BP Upgrading of Low voltage network	BP Upgrading of Low voltage network			No	Infrastructure - Electricity	Transmission & Reticulation	19.348154 -34.594590				950			Ward 02	New
Upgrade Kwaiwater Feeder Cables	Upgrade Kwaiwater Feeder Cables			No	Infrastructure - Electricity	Transmission & Reticulation	34°24'30.52"S 19°15'53.08"E				3 000			Ward 03	Renewal
Main Road Overhead line replacement and streetlighting	Main Road Overhead line replacement and streetlighting			No	Infrastructure - Electricity	Transmission & Reticulation	34°25'07.12" S 19°13'30.42" E				1 000			Ward 03	Renewal
Hawston S/S Upgrade	Hawston S/S Upgrade			No	Infrastructure - Electricity	Transmission & Reticulation	34°23'23.16" S 19°08'27.67" E				3 200			Ward 08	Renewal
Streetlights	Streetlights			No	Infrastructure - Electricity	Transmission & Reticulation	34°20'32.81" S 19°02'09.96" E				100			Ward 09	New
Miniature substation upgrading in Franskraal	Miniature substation upgrading in Franskraal			No	Infrastructure - Electricity	Transmission & Reticulation	19.393948 -34.603776					1 000	1 200	Ward 01	New
New MV feeder from Apie Le Roux to Steenbok Street	New MV feeder from Apie Le Roux to Steenbok Street			No	Infrastructure - Electricity	Transmission & Reticulation	19.349477 -34.607311				1 400			Ward 01	New
Apie Le Roux switchgear upgrading	Apie Le Roux switchgear upgrading			No	Infrastructure - Electricity	Transmission & Reticulation	19.349477 -34.607311				2 500			Ward 01	New
Blompark: Low Voltage upgrading in Roos Street	Blompark: Low Voltage upgrading in Roos Street			No	Infrastructure - Electricity	Transmission & Reticulation	19.350222 -34.594783				1 400	1 000		Ward 02	New
Sandbaai: LV Upgrade/Replacement	Sandbaai: LV Upgrade/Replacement			No	Infrastructure - Electricity	Transmission & Reticulation	34°25'28.38" S 19°12'13.64" E				500			Ward 07	Renewal
Sandbaai: MV Upgrade/Replacement	Sandbaai: MV Upgrade/Replacement			No	Infrastructure - Electricity	Transmission & Reticulation	34°25'05.80" S 19°11'06.16" E				1 000			Ward 07	Renewal
Hawston: LV Upgrade/Replacement	Hawston: LV Upgrade/Replacement			No	Infrastructure - Electricity	Transmission & Reticulation	34°23'34.19" S 19°07'51.11" E				1 000	1 000		Ward 08	Renewal
Kleinmond: LV Network Upgrading	Kleinmond: LV Network Upgrading			No	Infrastructure - Electricity	Transmission & Reticulation	34°20'12.12" S 19°01'29.12" E				2 000	1 500		Ward 09	Renewal
New 70mm2 MV cable in Langmark Street	New 70mm2 MV cable in Langmark Street			No	Infrastructure - Electricity	Transmission & Reticulation	19.459117 -34.436799				600			Ward 11	New
Gansbaai Main SS Replace Oil Breakers	Gansbaai Main SS Replace Oil Breakers			No	Infrastructure - Electricity	Transmission & Reticulation	19.356544 -34.584821						2 700	Ward 02	New
Stanford 11kV Network Upgrade Dreyer Str	Stanford 11kV Network Upgrade Dreyer Str			No	Infrastructure - Electricity	Transmission & Reticulation	19.452938 -34.445794						1 200	Ward 11	New
Zwellihle Electrification -Part 1 (INEG)	Zwellihle Electrification -Part 1 (INEG)			No	Infrastructure - Electricity	Transmission & Reticulation	overstrand area				3 000	3 000		Ward 06	New
Eluxolweni Electrification (INEG)	Eluxolweni Electrification (INEG)			No	Infrastructure - Electricity	Transmission & Reticulation	19.486920 -34.654814				3 000			Ward 11	Renewal
Eluxolweni Housing electrification	Eluxolweni Housing electrification			No	Infrastructure - Electricity	Transmission & Reticulation	19°29'23.784"E 34°39'12.131"S				1 083			Ward 11	New
Masakhane Electrification (INEG)	Masakhane Electrification (INEG)			No	Infrastructure - Electricity	Transmission & Reticulation	19.359124 -34.593359						2 000	Ward 01	New

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal
1300 - WATER									57 384	56 879					
Replacement of Overstrand water pipes	Replacement of Overstrand water pipes			No	Infrastructure - Water	Reticulation	Overstrand wide				8 400	13 200	10 000	Overstrand	Renewal
Baardskeedersbos Bulk water supply upgrade	Baardskeedersbos Bulk water supply upgrade			No	Infrastructure - Water	Reticulation	S34°34.870' / E19°34.140'				5 800			Ward 11	New
New Bulk Water Reservoir -Rooi Els	New Bulk Water Reservoir -Rooi Els			No	Infrastructure - Water	Dams & Reservoirs	S34°16.78' / E18°49.44'				1 500			Ward 10	New
Upgrading of "Die Oog" pump station	Upgrading of "Die Oog" pump station			No	Infrastructure - Water	Reticulation	S34°453.38' / E19°453.59'				200			Ward 11	Renewal
Hawston: Bulk water upgrade for housing project	Hawston: Bulk water upgrade for housing project			No	Infrastructure - Water	Reticulation	34°23'20.58"S 19°08'17.56"E						3 611	Ward 08	New
New Bulk Water Reservoir -Sandbaai	New Bulk Water Reservoir -Sandbaai			No	Infrastructure - Water	Dams & Reservoirs	S34°25.210' / E19°12.063'				7 300			Ward 07	New
Mt Pleasant/Zwelihle: Bulk water upgrade for housing project	Mt Pleasant/Zwelihle: Bulk water upgrade for housing project			No	Infrastructure - Water	Reticulation					912			Ward 04	New
New Bulk Reservoir Hawston	New Bulk Reservoir Hawston			No	Infrastructure - Water	Dams & Reservoirs	S34°22.588' / E19°07.714'						11 500	Ward 08	New
New 500 mm dia Water pipe line	New 500 mm dia Water pipe line			No	Infrastructure - Water	Reticulation	19°08'13"E 34°23'20"S						2 058	Ward 08	New
1400 - SEWERAGE									32 650	17 877					
Kleinmond and Gansbaai WWTW Sludge Handling	Kleinmond and Gansbaai WWTW Sludge Handling			No	Infrastructure - Sanitation	Other	E19°20.781' & S34°35.95' / E18°92.94				4 575			Ward 09	New
Opgradering van Pompstasies	Opgradering van Pompstasies			No	Infrastructure - Sanitation	Other	19°12'51"E 34°25'56"S				2 000			Overstrand	Renewal
Sewer network extension -Stanford	Sewer network extension -Stanford			No	Infrastructure - Sanitation	Other	S34°439.75' / E19°455.90'				3 075	2 000		Ward 11	New
Kleinmond Sewer Network Extension	Kleinmond Sewer Network Extension			No	Infrastructure - Sanitation	Other	S34°20.46' / E19°01.89'						2 000	Ward 09	New
Hangklip Sewer Network Extension	Hangklip Sewer Network Extension			No	Infrastructure - Sanitation	Other	S34°22.29' / E18°53.54'						5 000	Ward 10	New
Eluxolweni - Bulk sewerage for housing project	Eluxolweni - Bulk sewerage for housing project			No	Infrastructure - Sanitation	Other	34°39'02.11"S 19°29'29.82"E				6 068			Ward 11	New
WWTW Upgrade - Stanford	WWTW Upgrade - Stanford			No	Infrastructure - Sanitation	Sewerage purification	S34°26.518' / E19°26.929'				2 500		2 200	Ward 11	Renewal
Hawston: Bulk sewerage for housing project	Hawston: Bulk sewerage for housing project			No	Infrastructure - Sanitation	Other	34°23'27.65"S 19°08'09.60"E						2 123	Ward 08	New
Hawston -New 160 mm dia outfall sewer	Hawston -New 160 mm dia outfall sewer			No	Infrastructure - Sanitation	Other	19°09'43"E 34°22'36"S						1 725	Ward 08	New
Hawston -WWTW Upgrade	Hawston -WWTW Upgrade			No	Infrastructure - Sanitation	Sewerage purification	34°22'34.69"S 19°07'43.91"E					-	2 500	Ward 08	New
1400 - STORM WATER									7 278	4 990					
Blompark -Bulk stormwater upgrade for housing project	Blompark -Bulk stormwater upgrade for housing project			No	Other	Storm water	Lat:-34.597053 / Long:19.347458						800	Ward 02	New
1500- WASTE MANAGEMENT									196	7 000					
Gansbaai Landfill New Cell	Gansbaai Landfill New Cell			No	Other	Waste Management	S34 35 21.6 / E19 21 03.0				1 400			Ward 02	New

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No) 6	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Total Project Estimate	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal
300 - VEHICLES Vehicles	Vehicles			No	Other	Other			6 800	3 920	4 695	4 000	4 000	Overstrand	New
300 - MINOR ASSETS									4 631	2 084					
MINOR ASSETS - CONTINGENCY	MINOR ASSETS - CONTINGENCY			No	Other	Furniture and other office equipment					-	1 400	1 500	Overstrand	New
MINOR ASSETS - ELECTRICITY CONTINGENCY	MINOR ASSETS - ELECTRICITY CONTINGENCY			No	Other	Furniture and other office equipment					250			Overstrand	New
MINOR ASSETS - PUMPS CONTINGENCY	MINOR ASSETS - PUMPS CONTINGENCY			No	Other	Furniture and other office equipment					180			Overstrand	New
MINOR ASSETS - FINANCE	MINOR ASSETS - FINANCE			No	Other	Furniture and other office equipment					100			Overstrand	New
MINOR ASSETS - COMMUNITY SERVICES	MINOR ASSETS - COMMUNITY SERVICES			No	Other	Furniture and other office equipment					300			Overstrand	New
MINOR ASSETS - PROTECTION SERVICES	MINOR ASSETS - PROTECTION SERVICES			No	Other	Furniture and other office equipment					100			Overstrand	New
MINOR ASSETS - MANAGEMENT SERVICES	MINOR ASSETS - MANAGEMENT SERVICES			No	Other	Furniture and other office equipment					250			Overstrand	New
MINOR ASSETS - INFRASTRUCTURE & PLAN.	MINOR ASSETS - INFRASTRUCTURE & PLAN.			No	Other	Furniture and other office equipment					100			Overstrand	New
MINOR ASSETS - LED	MINOR ASSETS - LED			No	Other	Furniture and other office equipment					53			Overstrand	New
MINOR ASSETS - LIBRARY	MINOR ASSETS - LIBRARY			No	Other	Furniture and other office equipment					10			Overstrand	New
Total Capital expenditure									163 295	167 501	104 681	69 756	75 208		

Table 59 MBRR SA37 - Projects delayed from previous financial year

Municipal Vote/Capital project	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework			
							Original Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
						R thousand						Year
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>			Examples	Examples								
1200 - ELECTRICITY												
Kleinmond: Replace Main Substation Switchgear Kleinmond: Replace Main Substation Switchgear			Infrastructure - Electricity	Transmission & Reticulation	34° 20' 13.74" S 19° 00' 18.00" E		4 000	4 920	4 300			
1300 - WATER												
Baardskeerdersbos Bulk water supply upgrade Baardskeerdersbos Bulk water supply upgrade			Infrastructure - Water	Reticulation	S34°34.870' / E19°34.140'		3 000	1 700	5 800			
Upgrading of "Die Oog" pump station Upgrading of "Die Oog" pump station			Infrastructure - Water	Reticulation	S34°453.38' / E19°453.59'		200		200			

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed two interns undergoing training in ICT Department
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013/14 MTREF in May 2013 directly aligned and informed by the 2013/14 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
All budget related policies have been reviewed and will be distributed together with the Draft budget for 2013/2014 for public participation during April 2013.

2.14 Other supporting documents

Table 60 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
REVENUE ITEMS:									
Property rates									
Total Property Rates	118 738	130 606	138 223	148 861	150 661	150 661	166 065	177 690	188 351
less Revenue Foregone	3 890	1 868	1 712	1 837	32 531	32 531	34 421	36 771	39 219
Net Property Rates	114 847	128 737	136 511	147 024	118 129	118 129	131 644	140 918	149 132
Service charges - electricity revenue									
Total Service charges - electricity revenue	147 488	183 552	224 957	260 510	264 050	264 050	295 786	320 947	346 189
less Revenue Foregone					10 565	10 565	10 850	11 935	13 129
Net Service charges - electricity revenue	147 488	183 552	224 957	260 510	253 485	253 485	284 936	309 012	333 060
Service charges - water revenue									
Total Service charges - water revenue	74 725	74 099	83 909	93 528	92 329	92 329	102 585	110 213	117 425
less Revenue Foregone					2 386	2 386	3 823	4 128	4 459
Net Service charges - water revenue	74 725	74 099	83 909	93 528	89 943	89 943	98 762	106 084	112 966
Service charges - sanitation revenue									
Total Service charges - sanitation revenue	36 078	50 381	56 883	58 680	57 095	57 095	61 010	64 247	67 676
less Revenue Foregone					88	88	93	99	105
Net Service charges - sanitation revenue	36 078	50 381	56 883	58 680	57 007	57 007	60 917	64 148	67 571
Service charges - refuse revenue									
Total refuse removal revenue	33 117	36 945	39 922	47 299	47 165	47 165	52 974	56 572	59 967
Total landfill revenue					-	-			
less Revenue Foregone					373	373	40	42	45
Net Service charges - refuse revenue	33 117	36 945	39 922	47 299	46 792	46 792	52 934	56 530	59 922
Other Revenue by source									
Building plan fees	2 584	2 800	3 252	3 286	2 786	2 786	2 800	2 968	3 146
Collection charges	1 514	1 705	2 071	2 141	2 441	2 441	2 500	2 650	2 809
Developers contributions	8 017	3 250	1 719	1 130	1 897	1 897	1 730	1 834	1 944
Central improvement district	3 091	3 601	3 663	3 878	3 878	3 878	4 362	4 624	4 901
Sundry income	7 661	2 819	2 493	849	506	506	481	509	540
Townplanning fees	847	709	756	705	705	705	680	721	764
Admission fees	681	598	661	656	656	656	650	689	730
Valuation and clearance certificates	386	389	335	600	600	600	535	567	601
Fair value adjustments	19 857	22 426	(8 730)	-	-	-		-	-
Roadworthy certificates	405	457	453	492	492	492	500	530	562
SETA claims	575	464	1 046	1 261	1 261	1 261	800	848	899
Reconnection fees/ Other Income	152	279	780	5 767	5 746	5 746	4 974	5 427	5 338
Total 'Other' Revenue	45 770	39 497	8 499	20 765	20 968	20 968	20 011	21 367	22 235
EXPENDITURE ITEMS:									
Employee related costs									
Basic Salaries and Wages	102 945	121 116	131 998	135 511	133 805	133 805	153 796	171 610	184 125
Pension and UIF Contributions	21 558	21 976	25 219	25 031	25 031	25 031	28 009	29 753	31 619
Medical Aid Contributions	6 193	7 007	7 521	9 951	9 951	9 951	11 396	12 469	13 593
Overtime	9 801	10 506	12 030	9 378	9 378	9 378	11 530	13 889	14 781
Performance Bonus	-	-		10 660	10 660	10 660	12 011	12 807	13 648
Motor Vehicle Allowance	6 618	7 877	8 299	10 307	10 307	10 307	11 152	10 152	10 155
Cellphone Allowance					-	-	1 894	1 996	2 120
Housing Allowances	1 042	968	1 025	1 103	1 103	1 103	951	951	951
Other benefits and allowances	6 658	8 442	9 693	18 415	18 461	18 461	9 183	9 634	10 271
Payments in lieu of leave	1 000	2 056	1 327		-	-	900	1 000	1 100
Long service awards	837	535	759	735	735	735	813	1 268	436
Post-retirement benefit obligations	3 068	6 850	10 068	8 000	8 415	8 415	9 630	5 859	6 209
sub-total	159 719	187 333	207 938	229 091	227 845	227 845	251 264	271 387	289 009
Less: Employees costs capitalised to PPE									
Total Employee related costs	159 719	187 333	207 938	229 091	227 845	227 845	251 264	271 387	289 009

**Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance
(Continued)**

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
<u>Contributions recognised - capital</u>									
Public contribution - non cash - assets	2 983	7 368	11 029						
DWA ACIP project	–	–	2 000						
Government contribution - non cash - assets	2 472	–	–						
KM CSIR	523	12 776	395						
Spaces for sport	395	127	156						
Eskom Solar Rebate	294	1 290	721	6 600	–	–	1 083		
Total Contributions recognised - capital	6 668	21 561	14 300	6 600	–	–	1 083	–	–
<u>Depreciation & asset impairment</u>									
Depreciation of Property, Plant & Equipment	101 659	103 347	100 582	107 515	107 417	107 417	103 810	105 886	108 004
Lease amortisation			87						
Capital asset impairment	117	3 431	3 111						
Depreciation resulting from revaluation of PPE									
Total Depreciation & asset impairment	101 776	106 777	103 780	107 515	107 417	107 417	103 810	105 886	108 004
<u>Bulk purchases</u>									
Electricity Bulk Purchases	78 006	101 683	126 669	144 421	143 721	143 721	156 893	172 582	189 840
Water Bulk Purchases									
Total bulk purchases	78 006	101 683	126 669	144 421	143 721	143 721	156 893	172 582	189 840
<u>Transfers and grants</u>									
Cash transfers and grants	11 987	23 620	28 454	28 000	35 975	35 975	38 766	41 092	43 557
Non-cash transfers and grants	–	–	–	–	–	–	–	–	–
Total transfers and grants	11 987	23 620	28 454	28 000	35 975	35 975	38 766	41 092	43 557
<u>Contracted services</u>									
Specialist services	6 319	8 259	10 719						
Other contractors	8 145	11 994	14 058	69 426	71 861	71 861	80 147	84 966	91 230
Total contracted services	14 464	20 253	24 777	69 426	71 861	71 861	80 147	84 966	91 230
<u>Other Expenditure By Type</u>									
Collection costs									
Contributions to 'other' provisions	3 214	14 947	3 601	4 500	3 222	3 222	3 403	3 786	4 041
Consultant fees				12 085	11 398	11 398	13 789	12 693	13 028
Audit fees	3 102	2 732	2 501	3 000	3 000	3 000	3 400	3 570	3 749
General expenses	22 913	15 808	30 079	27 433	33 079	33 079	24 053	29 280	34 397
Conditional receipts expenses	13 096	4 029	54 612	4 118	5 506	5 506	22 979	2 384	2 460
Improvement rebates	17 355	21 512	22 881	24 780	–	–			
Water catchment, research and testing/Mun S	1 624	1 822	5 648	11 383	–	–	4 640	4 176	4 429
Fuel and oil	5 881	6 887	9 042	9 847	9 769	9 769	11 249	12 926	14 238
Chemicals	5 641	6 659	6 412	8 365	7 910	7 910	8 690	9 549	10 024
Rates rebates and exemptions	4 768	4 508	4 932	5 614	–	–			
Telephone and fax	5 009	4 789	3 912	3 446	2 785	2 785	3 171	3 330	3 496
Tourism development	2 935	3 081	2 824	3 150	1 391	1 391	1 513	1 589	1 668
Security services	2 777	3 417	3 435	3 389	3 864	3 864	4 056	4 180	4 468
Solid waste dumping fees	2 838	3 392	1 375	900	–	–			
Solid waste haulage	1 677	2 255	4 345	6 323	6 323	6 323	6 609	5 377	6 100
Hermanus public protection	3 144	3 152	3 603	3 878	3 878	3 878	4 362	4 624	4 901
Training	1 185	2 397	2 705	2 916	2 416	2 416	2 400	2 520	2 646
Electricity	1 586	2 146	2 575	2 667	2 699	2 699	3 746	4 175	4 488
Commission paid	2 292	2 956	3 416	3 154	3 626	3 626	3 954	4 392	4 830
Consumables	1 224	1 098	978	1 184	–	–			
Management of informal settlements	1 241	1 462	1 475	2 200	2 000	2 000	2 264	2 425	2 668
Insurance	2 145	1 725	1 651	2 900	2 900	2 900	3 000	3 200	3 360
Repairs and maintenance									
Printing and stationery	1 370	1 775	1 868	2 367	2 269	2 269	2 212	3 258	2 436
Solid waste chipping	1 689	1 946	2 369	2 500	2 500	2 500	1 260	1 430	1 880
Special projects	1 392	1 786	1 059	1 680	2 193	2 193	3 088	3 443	3 687
Total 'Other' Expenditure	110 100	116 278	177 297	153 780	112 727	112 727	133 837	122 306	132 992
<u>by Expenditure Item</u>									
Employee related costs				39 651	39 651	39 651	37 260	37 784	40 081
Other materials				12 697	12 697	12 697	23 260	25 614	27 174
Contracted Services				58 915	58 915	58 915	54 274	59 766	63 405
Other Expenditure	45 961	58 239	64 845	3 150	3 150	3 150	3 582	4 548	4 956
Total Repairs and Maintenance Expenditure	45 961	58 239	64 845	114 413	114 413	114 413	118 377	127 712	135 616

Table 61 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

WC032 Overstrand - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Vote 1 - Council	Vote 2 - Municipal Manager	Vote 3 - Management Services	Vote 4 - Finance	Vote 5 - Community Services	Vote 6 - Local Economic Development	Vote 7 - Infrastructure & Planning	Vote 8 - Protection Services	Total
R thousand									
Revenue By Source									
Property rates				131 644					131 644
Property rates - penalties & collection charges				1 000					1 000
Service charges - electricity revenue							284 936		284 936
Service charges - water revenue					98 762				98 762
Service charges - sanitation revenue					60 917				60 917
Service charges - refuse revenue					52 934				52 934
Service charges - other									–
Rental of facilities and equipment					8 551				8 551
Interest earned - external investments					7 714				7 714
Interest earned - outstanding debtors					2 204				2 204
Dividends received									–
Fines					79			6 000	6 079
Licences and permits					400			1 646	2 046
Agency services					2 250				2 250
Other revenue	446		866	8 907	3 325		3 971	2 497	20 011
Transfers recognised - operational	42 839			1 300	23 601	1 244			68 984
Gains on disposal of PPE									–
Total Revenue (excluding capital transfers and contri	43 285	–	866	142 851	260 737	1 244	288 907	10 143	748 031
Expenditure By Type									
Employee related costs	350	3 968	14 579	33 745	130 548	2 559	38 314	27 200	251 264
Remuneration of councillors	7 197								7 197
Debt impairment									–
Depreciation & asset impairment	159	3	41	144	75 076	104	27 790	493	103 810
Finance charges			61	135	27 295		14 801		42 292
Bulk purchases							156 893		156 893
Other materials		3		19	10 532		4 337	163	15 055
Contracted services		77	5 306	3 388	65 119	7	2 254	3 995	80 147
Transfers and grants	38 766								38 766
Other expenditure	6 628	494	14 901	21 507	65 660	2 620	14 979	7 046	133 837
Loss on disposal of PPE									–
Total Expenditure	53 100	4 546	34 888	58 938	374 229	5 289	259 369	38 898	829 258
Surplus/(Deficit)	(9 816)	(4 546)	(34 022)	83 912	(113 493)	(4 045)	29 538	(28 755)	(81 227)
Transfers recognised - capital					26 926		6 000		32 926
Contributions recognised - capital							1 083		1 083
Contributed assets									–
Surplus/(Deficit) after capital transfers & contributions	(9 816)	(4 546)	(34 022)	83 912	(86 567)	(4 045)	36 621	(28 755)	(47 218)

Table 62 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
ASSETS									
Call investment deposits									
Call deposits < 90 days									
Other current investments > 90 days									
Total Call investment deposits	–	–	–	–	–	–	–	–	–
Consumer debtors									
Consumer debtors	58 128	64 654	68 434	72 309	72 309	72 309	72 796	72 867	73 091
Less: Provision for debt impairment	(23 549)	(20 232)	(18 114)	(22 000)	(22 000)	(22 000)	(17 000)	(16 000)	(15 000)
Total Consumer debtors	34 579	44 422	50 320	50 309	50 309	50 309	55 796	56 867	58 091
Debt impairment provision									
Balance at the beginning of the year	15 934	23 549	20 232	21 000	21 000	21 000	22 000	17 000	16 000
Contributions to the provision	9 507	4 806	(190)	1 000	1 000	1 000			
Bad debts written off	(1 893)	(8 123)	(1 928)				(5 000)	(1 000)	(1 000)
Balance at end of year	23 549	20 232	18 114	22 000	22 000	22 000	17 000	16 000	15 000
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)	5 456 800	5 580 459	5 701 947	5 896 230	5 853 980	5 853 980	5 957 821	6 026 908	6 101 414
Leases recognised as PPE			1 208		1 208	1 208	1 208	1 208	1 208
Less: Accumulated depreciation	2 453 536	2 556 098	2 637 398	2 780 277	2 780 180	2 780 180	2 883 771	2 989 256	3 096 724
Total Property, plant and equipment (PPE)	3 003 263	3 024 361	3 065 757	3 115 953	3 075 008	3 075 008	3 075 258	3 038 860	3 005 898
LIABILITIES									
Current liabilities - Borrowing									
Short term loans (other than bank overdraft)			998				197	–	–
Current portion of long-term liabilities	9 265	14 218	16 424	18 401	18 401	18 401	20 426	23 298	25 956
Total Current liabilities - Borrowing	9 265	14 218	17 421	18 401	18 401	18 401	20 623	23 298	25 956
Trade and other payables									
Trade and other creditors	73 850	80 873	71 920	63 992	59 794	59 794	64 016	68 162	69 811
Unspent conditional transfers	1 922	9 955	7 975				–	–	–
VAT									
Total Trade and other payables	75 772	90 828	79 895	63 992	59 794	59 794	64 016	68 162	69 811
Non current liabilities - Borrowing									
Borrowing	171 476	247 081	340 581	372 042	370 742	360 742	391 789	407 893	426 316
Finance leases (including PPP asset element)									
Total Non current liabilities - Borrowing	171 476	247 081	340 581	372 042	370 742	360 742	391 789	407 893	426 316
Provisions - non-current									
Retirement benefits	54 827	61 660	71 562	72 173	79 887	79 887	89 131	94 479	100 148
List other major provision items									
Refuse landfill site rehabilitation	16 282	29 342	32 057	26 089	34 942	34 942	38 086	41 514	45 250
Other	9 620	6 413	7 478	20 000	7 866	7 866	8 108	8 542	8 933
Total Provisions - non-current	80 728	97 414	111 097	118 262	122 695	122 695	135 325	144 535	154 332
CHANGES IN NET ASSETS									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance	2 453 876	2 537 046	2 564 679	2 475 180	2 490 195	2 490 195	2 435 180	2 387 962	2 328 762
GRAP adjustments	98 939	17 898							
Restated balance	2 552 815	2 554 944	2 564 679	2 475 180	2 490 195	2 490 195	2 435 180	2 387 962	2 328 762
Surplus/(Deficit)	(17 918)	9 735	(73 705)	(24 985)	(40 000)	(40 000)	(47 218)	(59 200)	(53 767)
Appropriations to Reserves									
Transfers from Reserves	2 149								
Depreciation offsets									
Other adjustments					(15 015)	(15 015)			
Accumulated Surplus/(Deficit)	2 537 046	2 564 679	2 490 973	2 450 195	2 435 180	2 435 180	2 387 962	2 328 762	2 274 995
Reserves									
Housing Development Fund	1 918	1 913	1 920	1 913	1 913	1 913	1 927	1 934	1 941
Capital replacement									
Self-insurance									
Other reserves									
Revaluation	315 176	315 176	315 176	315 176	315 176	315 176	315 176	315 176	315 176
Total Reserves	317 094	317 089	317 096	317 089	317 089	317 089	317 103	317 110	317 117
TOTAL COMMUNITY WEALTH/EQUITY	2 854 140	2 881 767	2 808 069	2 767 284	2 752 270	2 752 270	2 705 065	2 645 872	2 592 111

Table 63 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	1996 Census	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics											
Population	Statistics South Africa releases the Census & 2007 Community Survey figures.	37	56	75	75		80	84	88	93	97
Females aged 5 - 14		3	4	6	6		5	5	6	6	6
Males aged 5 - 14		3	4	6	6		5	5	6	6	6
Females aged 15 - 34		6	10	12	12		13	14	14	15	15
Males aged 15 - 34		6	10	11	12		14	14	15	16	16
Unemployment		2	5	8	5		4	5	5	5	5
Monthly household income (no. of households)											
No income	Statistics South Africa releases the Census 1996, 2001 and 2011 & 2007 Community Survey figures and projections based on average percentage growth figures from 2001-2011	3 343	3 672	3 758			7 113	9 837	10 759	11 767	12 870
R1 - R1 600		2 938	3 475	3 844			4 334	4 545	4 657	4 772	4 890
R1 601 - R3 200		848	972	1 317			2 048	3 085	3 427	3 806	4 228
R3 201 - R6 400		379	940	669			1 406	1 600	1 679	1 762	1 849
R6 401 - R12 800		178	376	746			1 133	2 826	3 395	4 078	4 899
R12 801 - R25 600			127	192			748	10 211	15 218	22 680	33 801
R25 601 - R51 200		72	37	253			266	7 606	12 350	20 055	32 565
R52 201 - R102 400			20	30			77	338	438	568	737
R102 401 - R204 800			6				25	124	163	214	282
R204 801 - R409 600			8				19	36	42	48	55
R409 601 - R819 200											
> R819 200											
households)											
< R2 060 per household per	# households earning	6 281	7 147	7 602			11447,00	14382,00	15416,00	16539,00	17760,00
Insert description											
Household/demographics (000)											
Number of people in	Stats SA	36 686	55 735	74 546			80	84	88	93	97
Number of poor people in											
Number of households in	Stats SA	11 420	18 568	21 953			20	21	22	23	24
Number of poor households in											
Definition of poor household											
Housing statistics											
Formal											
Informal					3 142	3 682	3 421				
Total number of		-	-	-	3 142	3 682	3 421	-	-	-	-
Dwellings provided by											
Dwellings provided by					-	30	393				
Dwellings provided by private											
Total new housing		-	-	-	-	30	393	-	-	-	-

Table 64 MBRR SA32 – List of external mechanisms

WC032 Overstrand - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
NO EXTERNAL MECHANISMS					

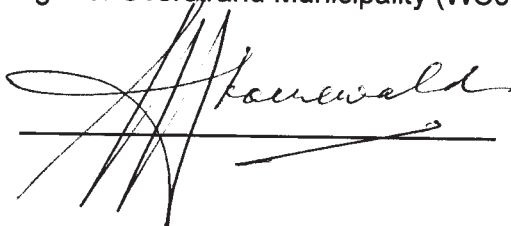
2.15 Municipal manager's quality certificate

I C. C. Groenewald, municipal manager of Overstrand Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name C. C. GROENEWALD

Municipal manager of Overstrand Municipality (WC032)

Signature

A handwritten signature in black ink, appearing to read 'C. C. Groenewald', written over a horizontal line.

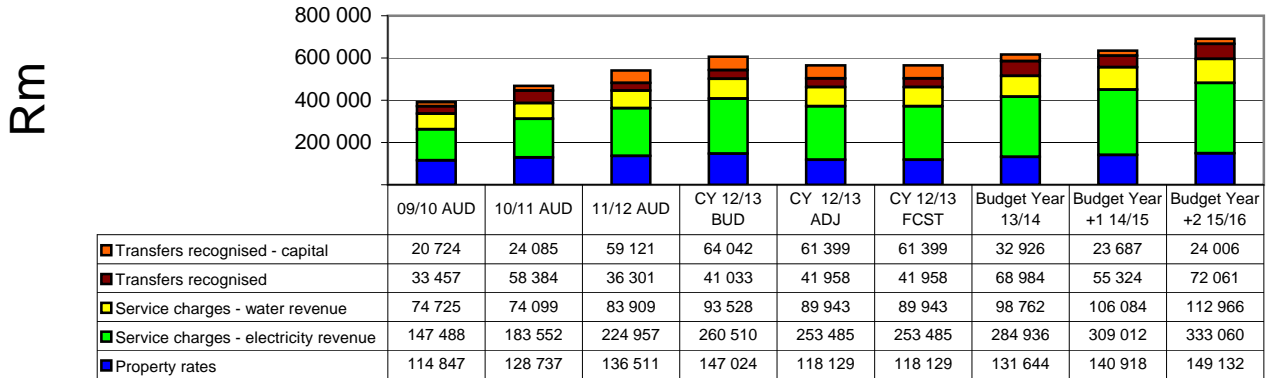
Date

27.03.2013

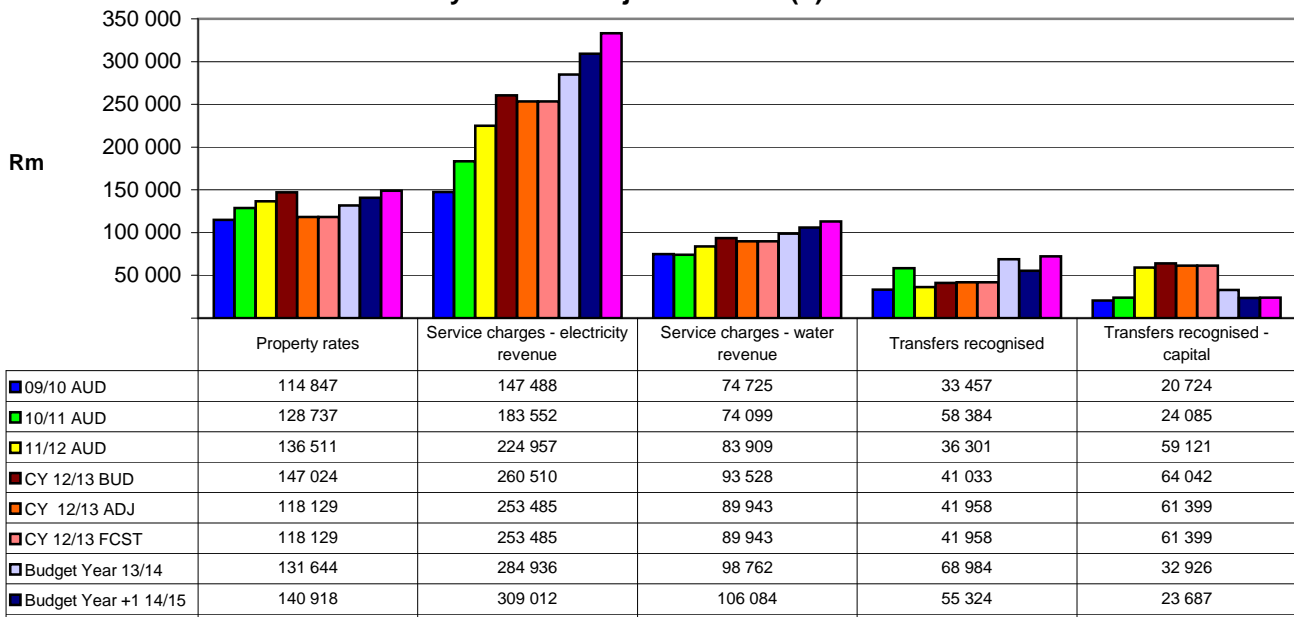
ANNEXURE A

OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2013/2014 DRAFT BUDGET

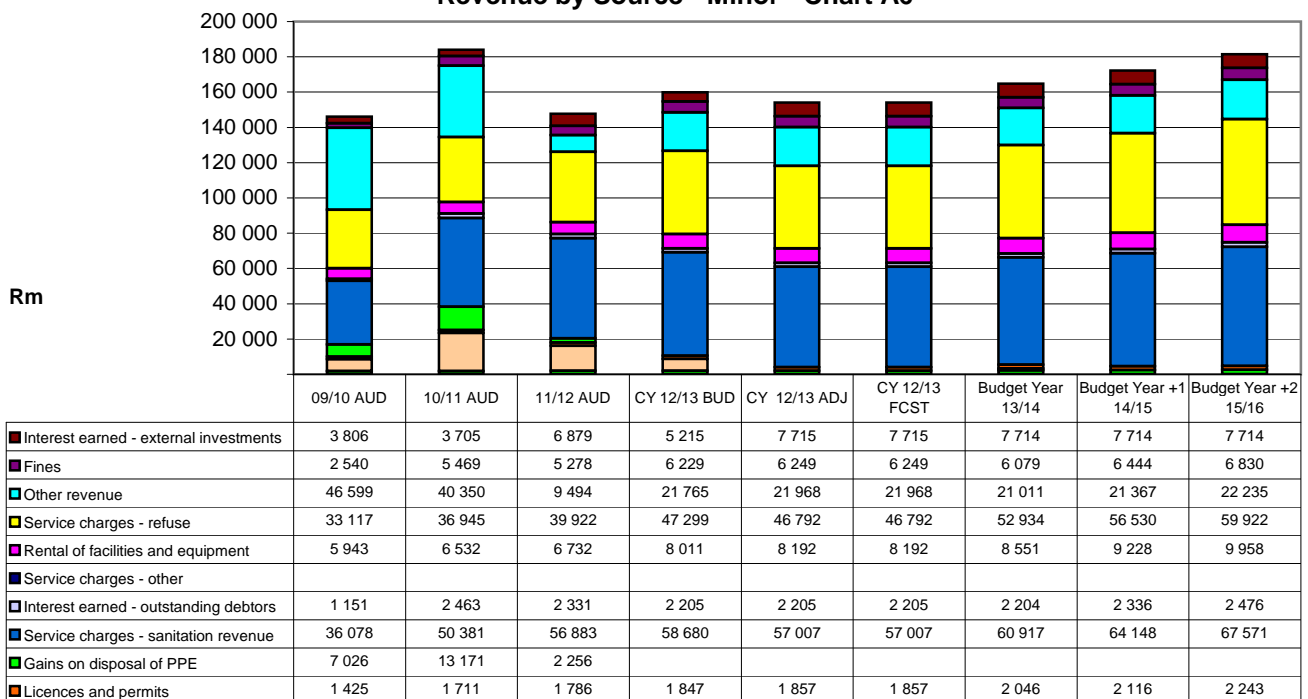
Revenue by Source - Major - Chart A5(a)



Revenue by Source - Major - Chart A5(b) - source trend

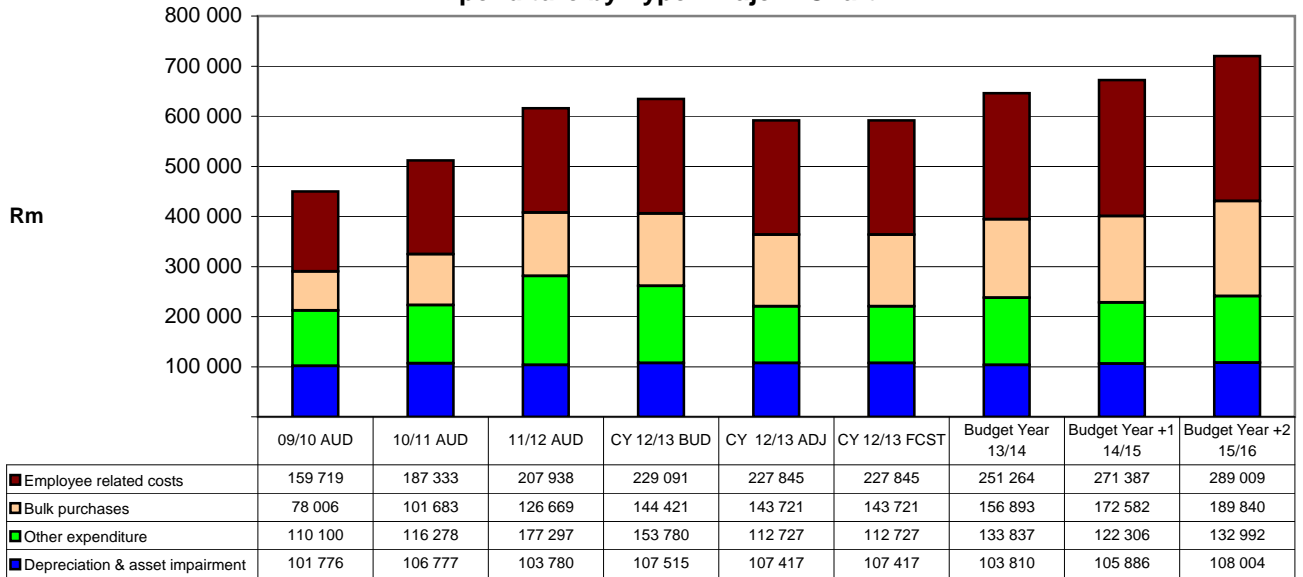


Revenue by Source - Minor - Chart A6

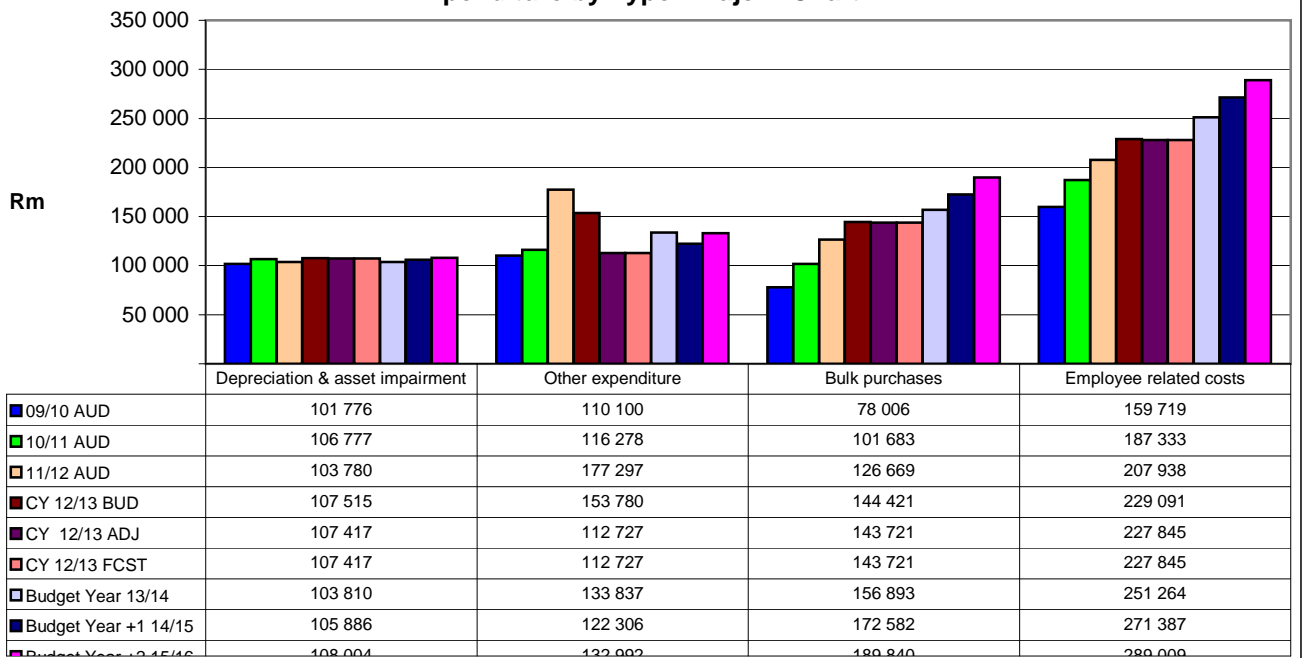


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2013/2014 DRAFT BUDGET

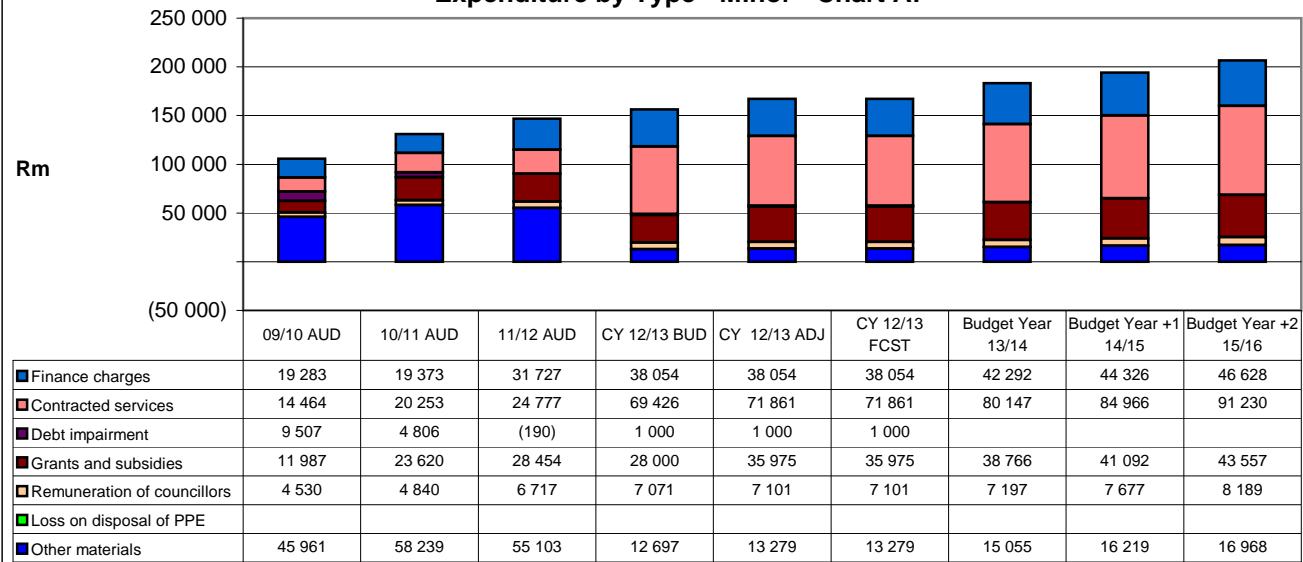
Expenditure by Type - Major - Chart A7



Expenditure by Type - Major - Chart A7

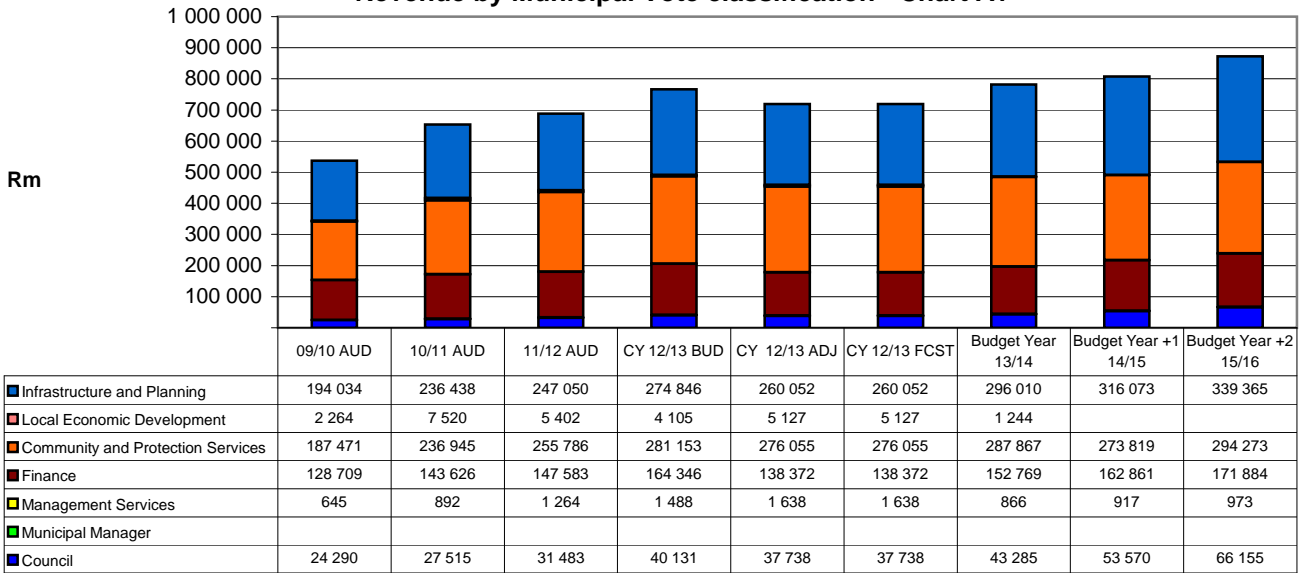


Expenditure by Type - Minor - Chart A7

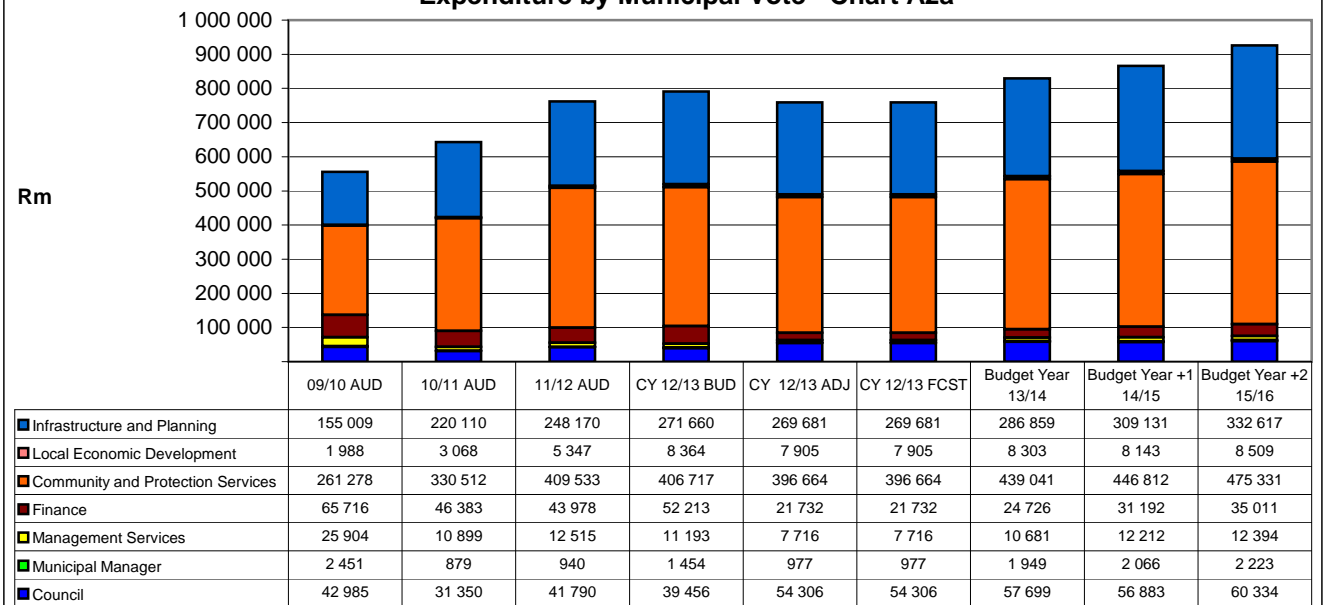


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2013/2014 DRAFT BUDGET

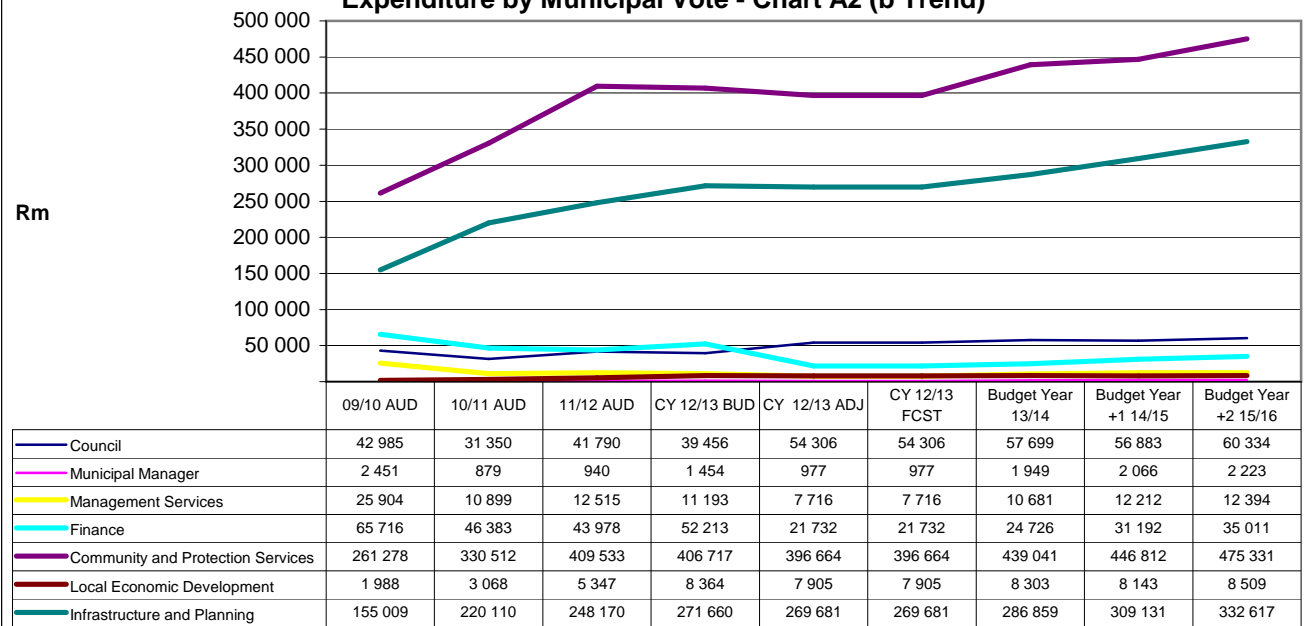
Revenue by Municipal Vote classification - Chart A1



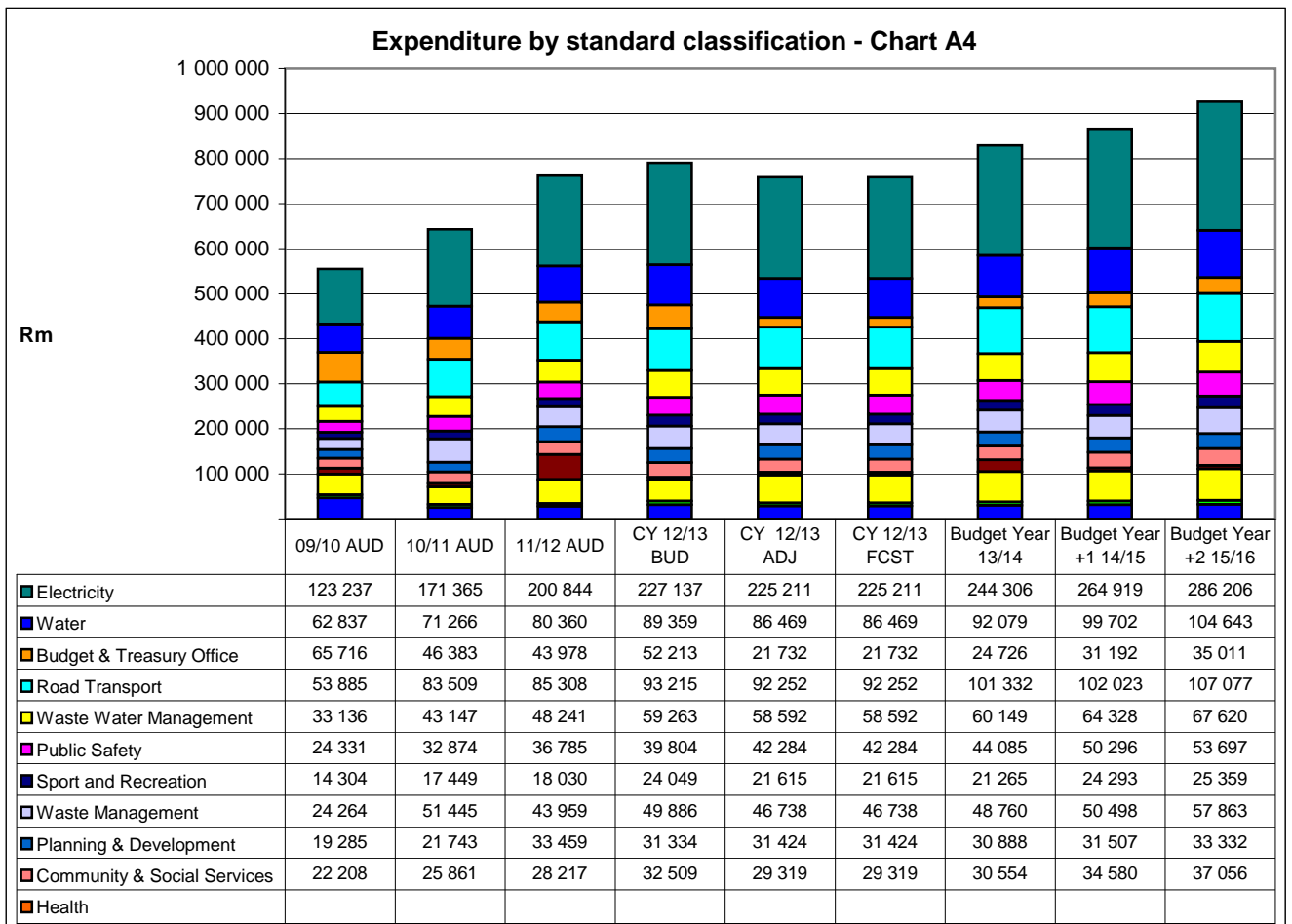
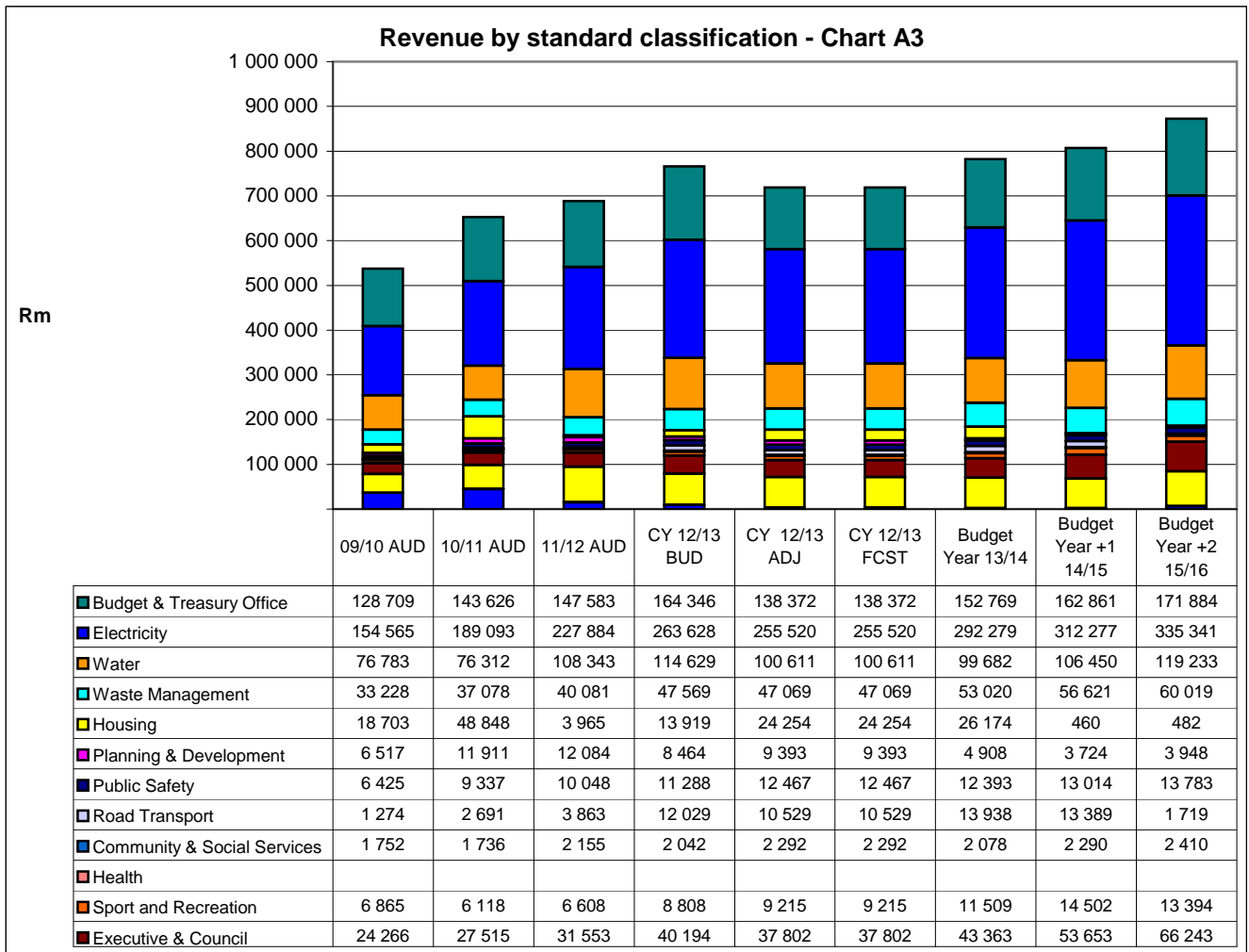
Expenditure by Municipal Vote - Chart A2a



Expenditure by Municipal Vote - Chart A2 (b Trend)

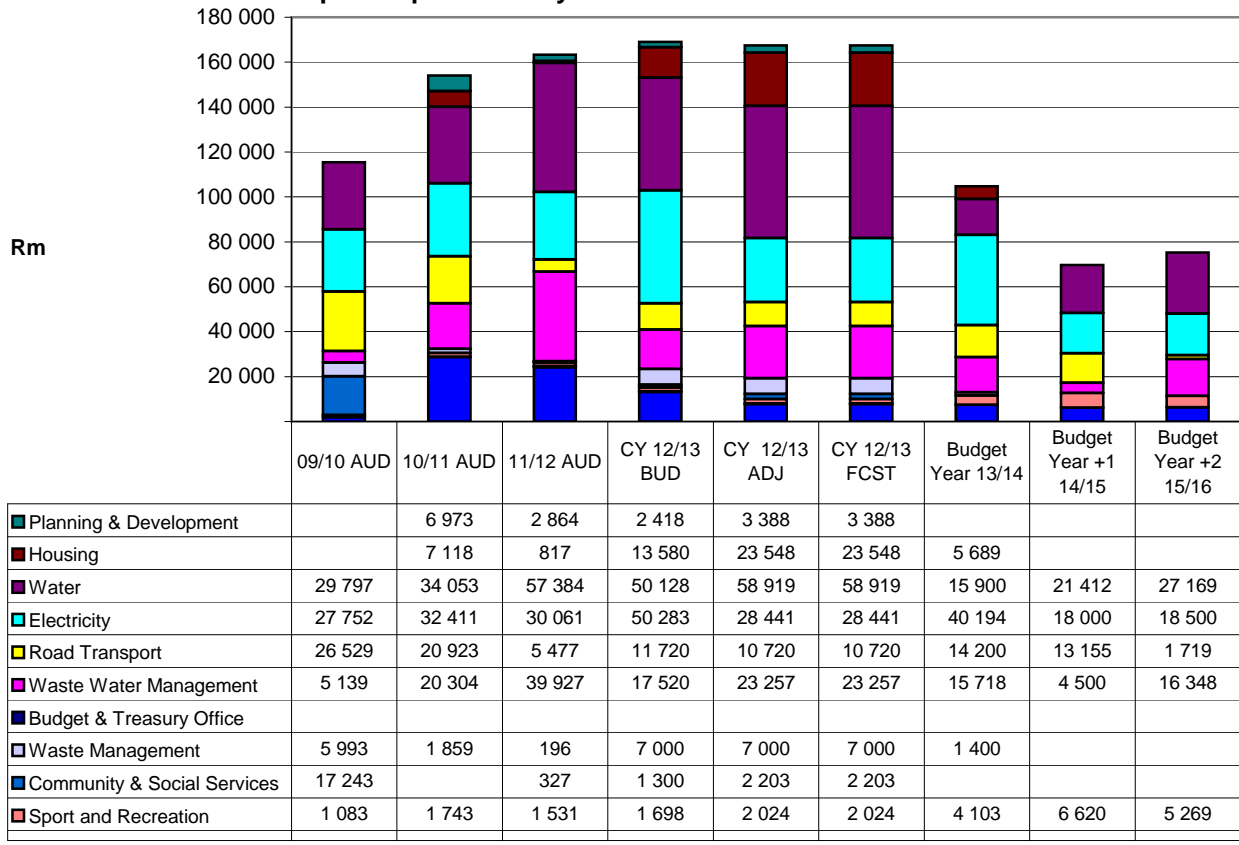


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2013/2014 DRAFT BUDGET

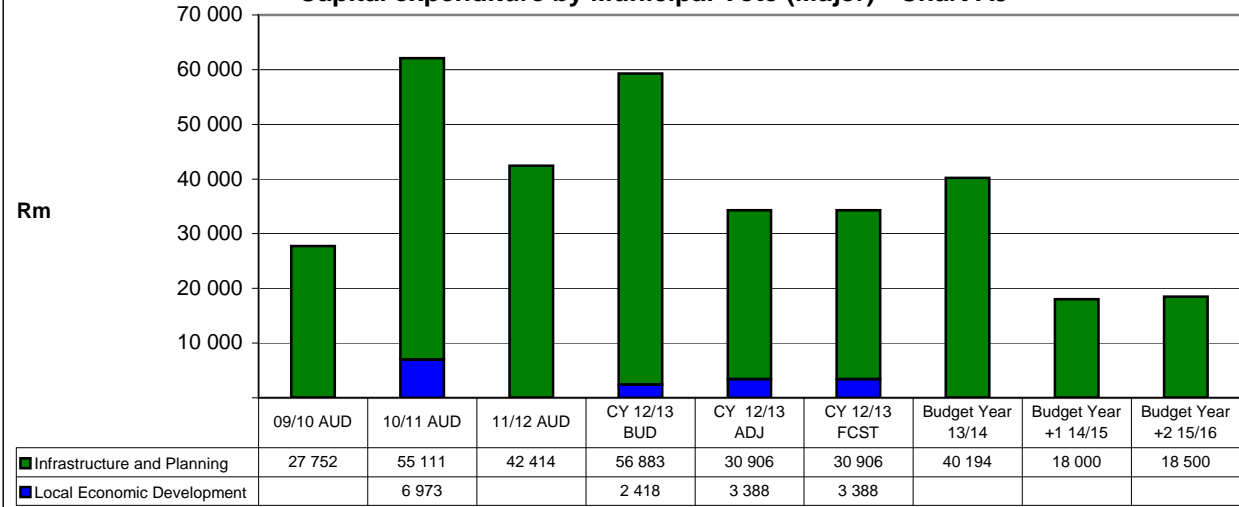


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2013/2014 DRAFT BUDGET

Capital expenditure by Standard Classification - Chart A11



Capital expenditure by Municipal Vote (Major) - Chart A9

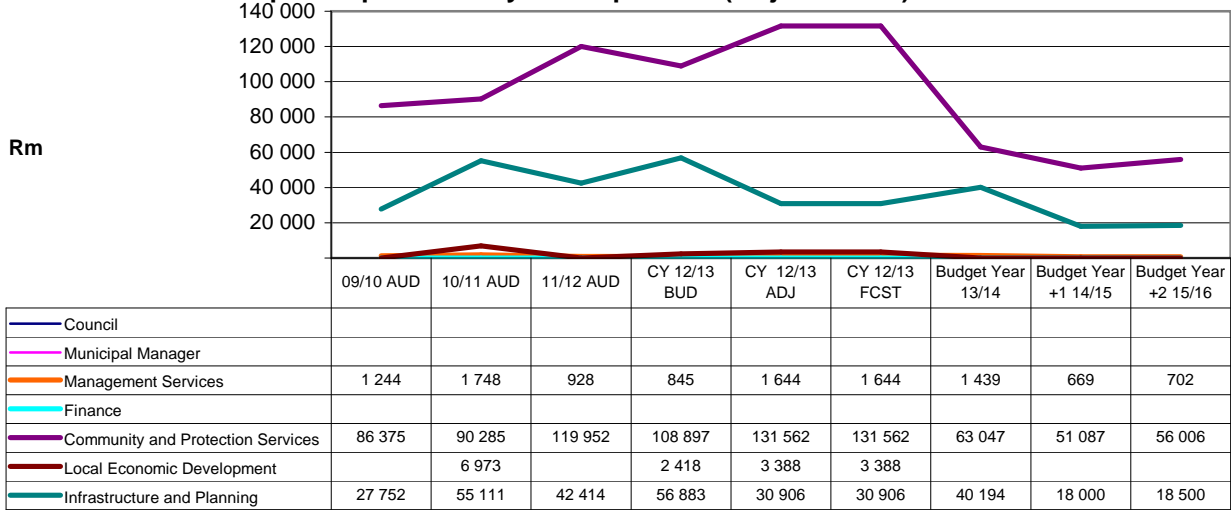


Capital expenditure by Municipal Vote (Minor) - Chart A10

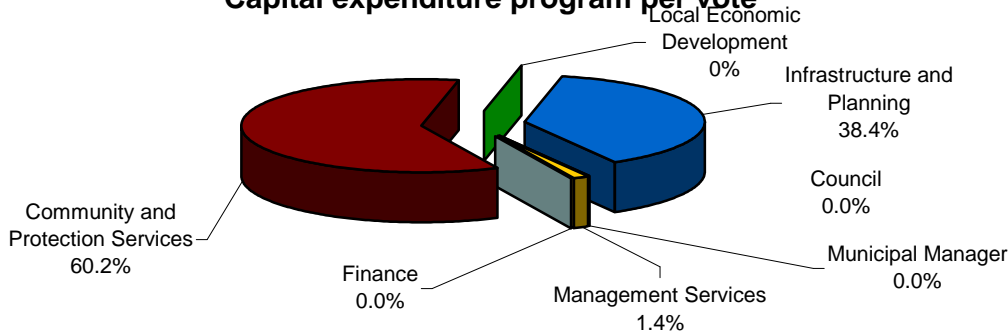


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2013/2014 DRAFT BUDGET

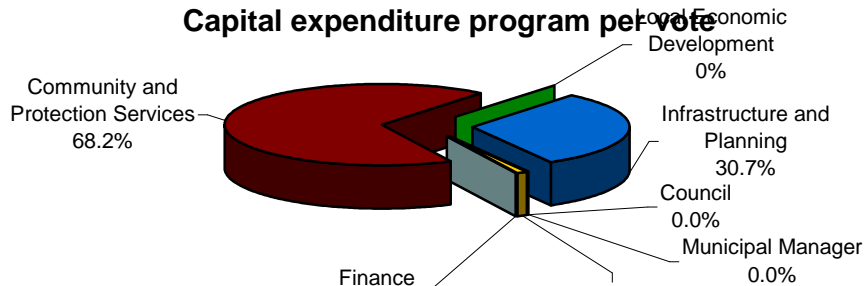
Capital expenditure by Municipal Vote (Major - Trend) - Chart A12



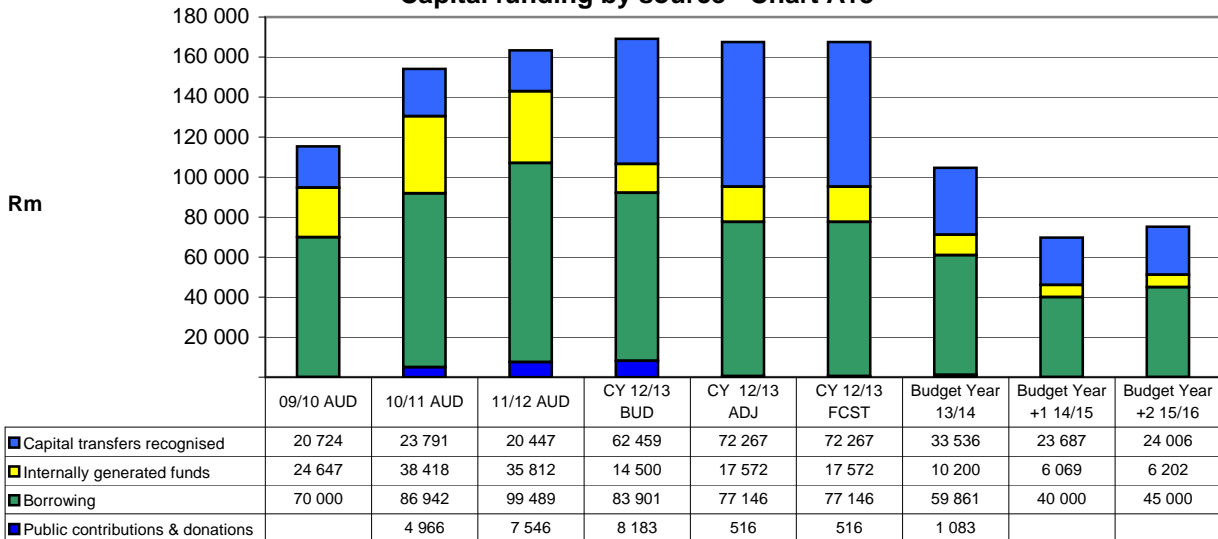
**2013/14 Budget Year
Capital expenditure program per vote**



**2013/14 MTREF (3 year total)
Capital expenditure program per vote**

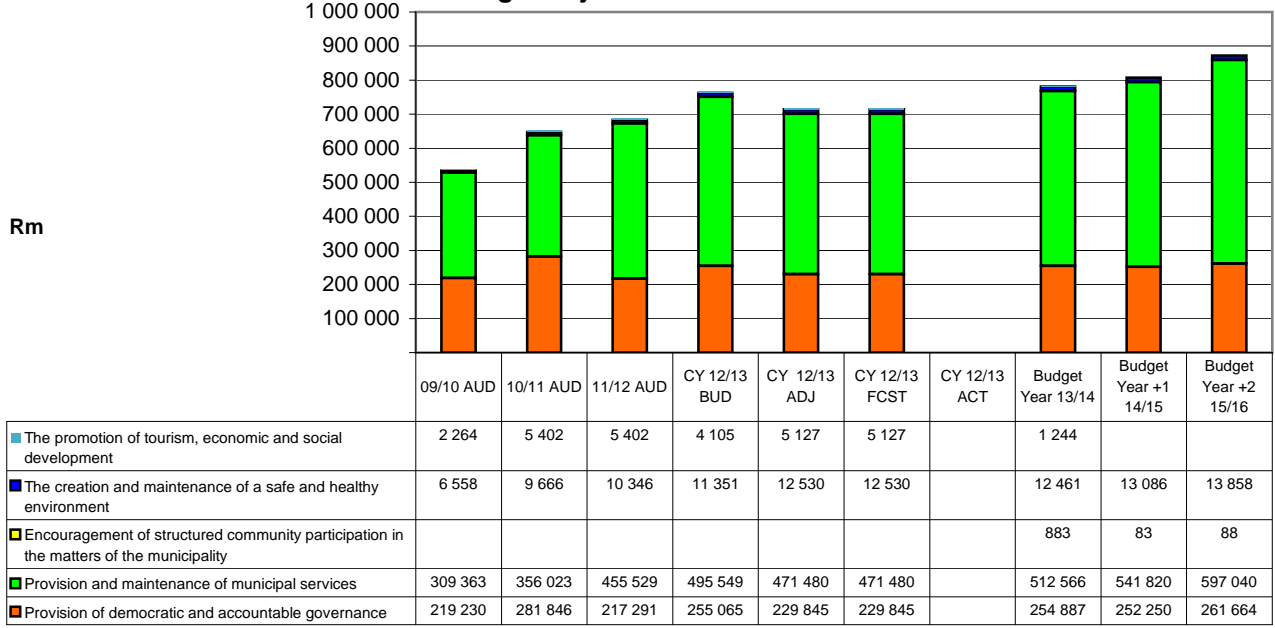


Capital funding by source - Chart A13

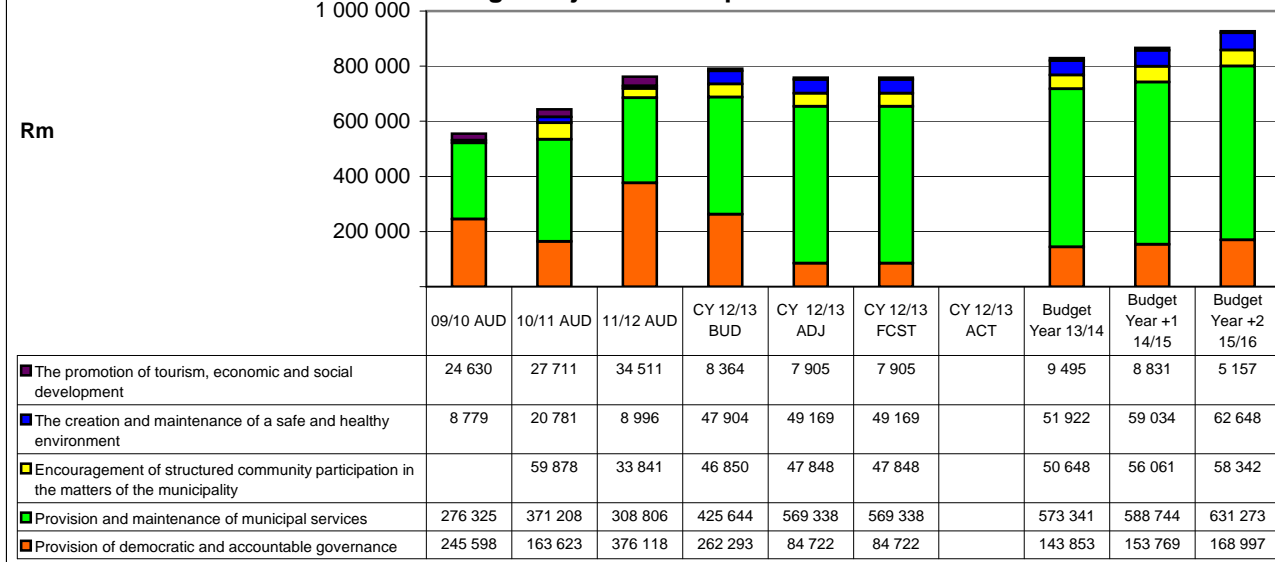


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2013/2014 DRAFT BUDGET

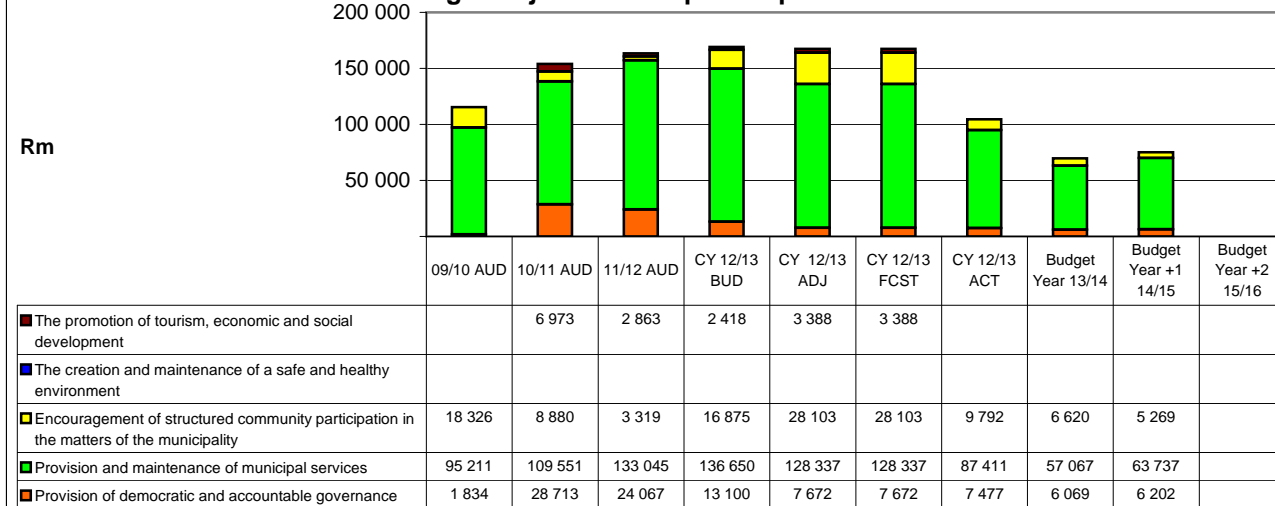
IDP Strategic Objectives - Revenue - Chart A14



IDP Strategic Objectives - Expenditure - Chart A15

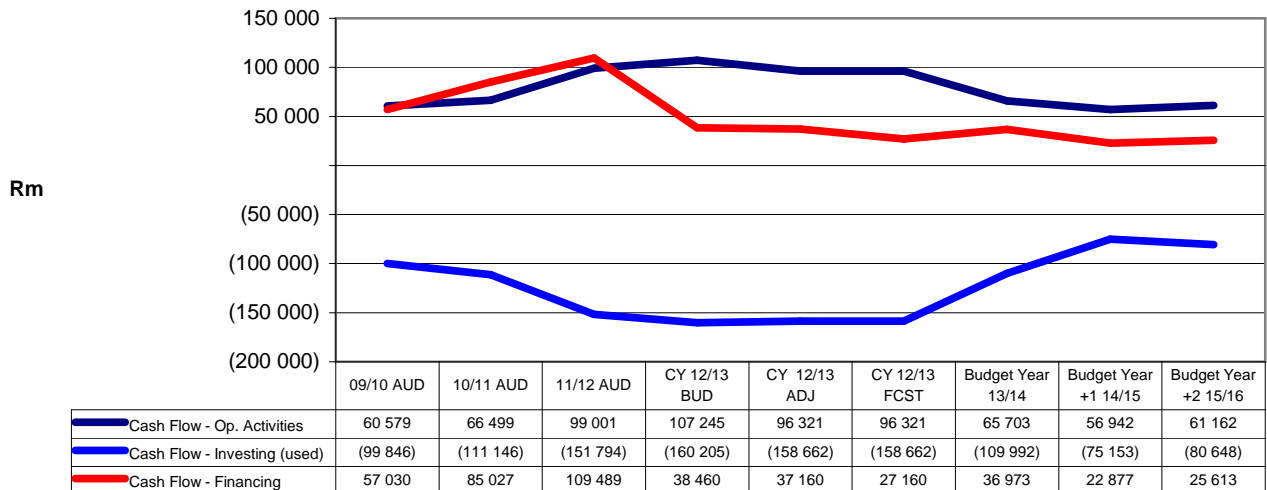


IDP Strategic Objectives - Capital Expenditure - Chart A16

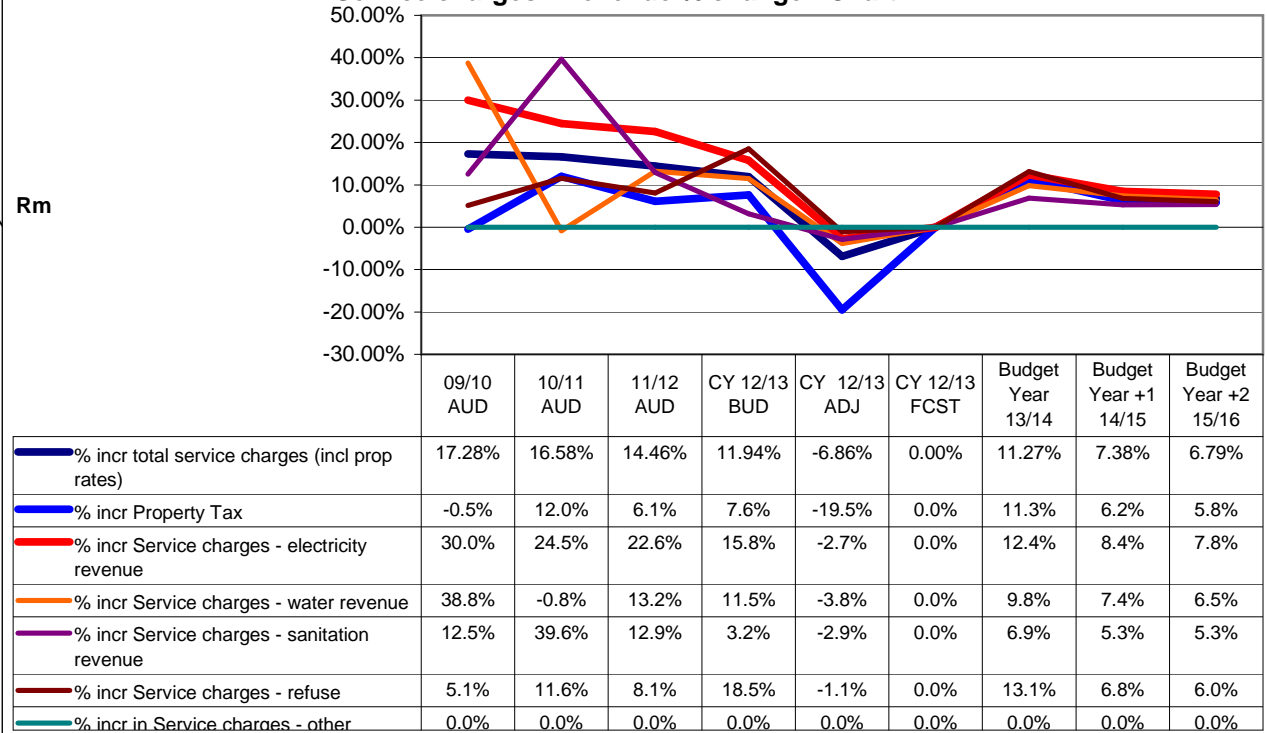


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2013/2014 DRAFT BUDGET

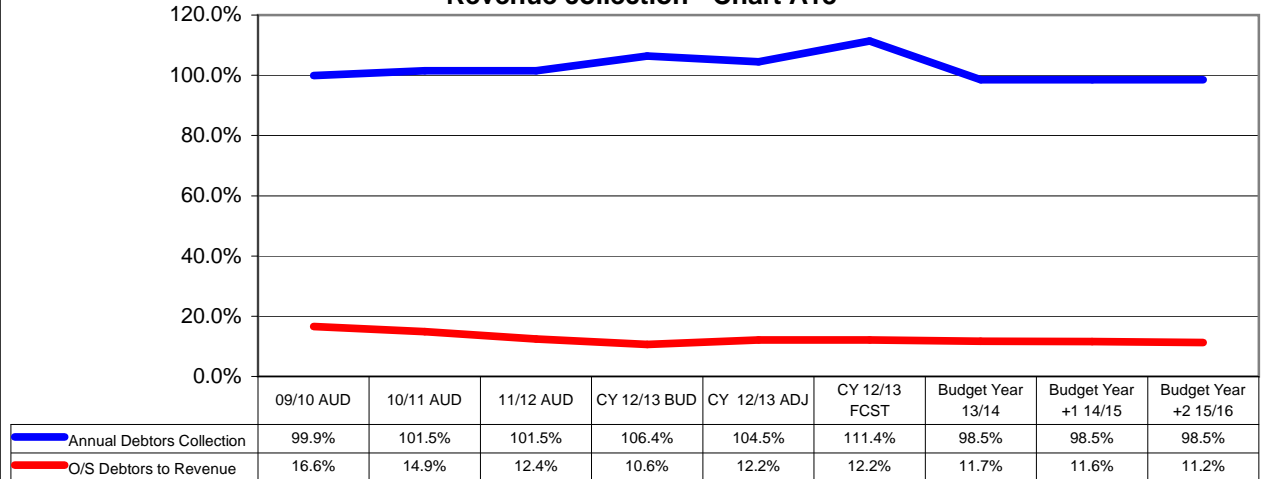
IDP Strategic Objectives - Revenue - Chart A14



Service charges - Revenue % change - Chart A22

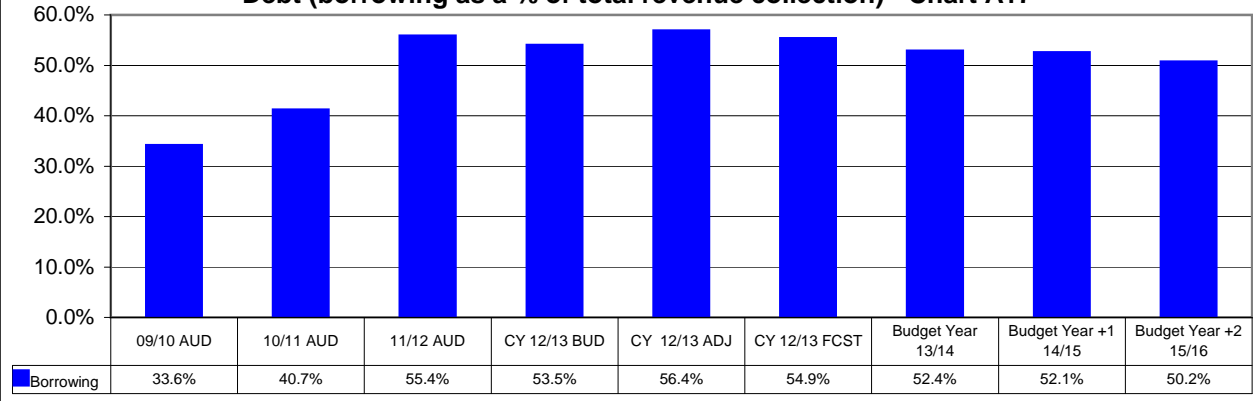


Revenue collection - Chart A18

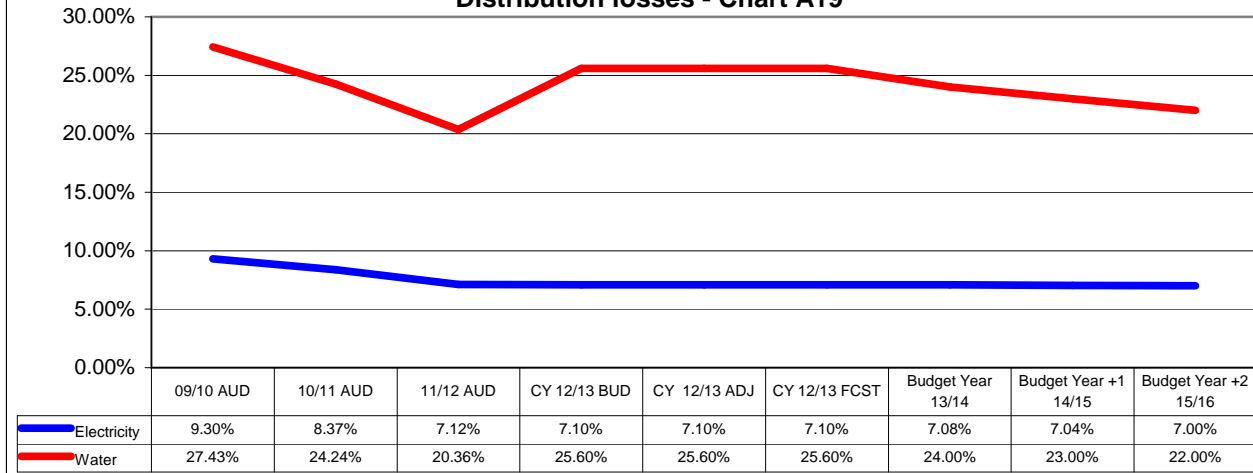


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2013/2014 DRAFT BUDGET

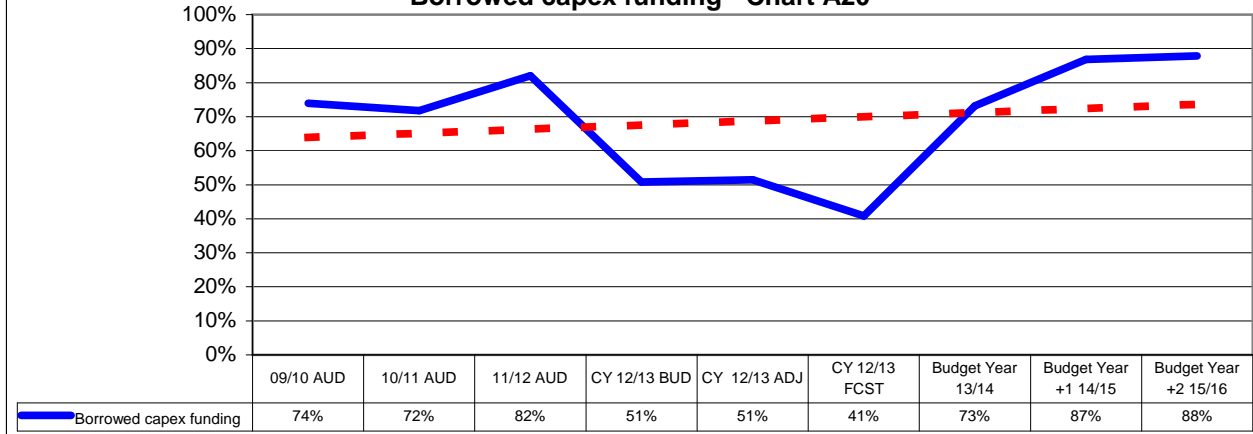
Debt (borrowing as a % of total revenue collection) - Chart A17



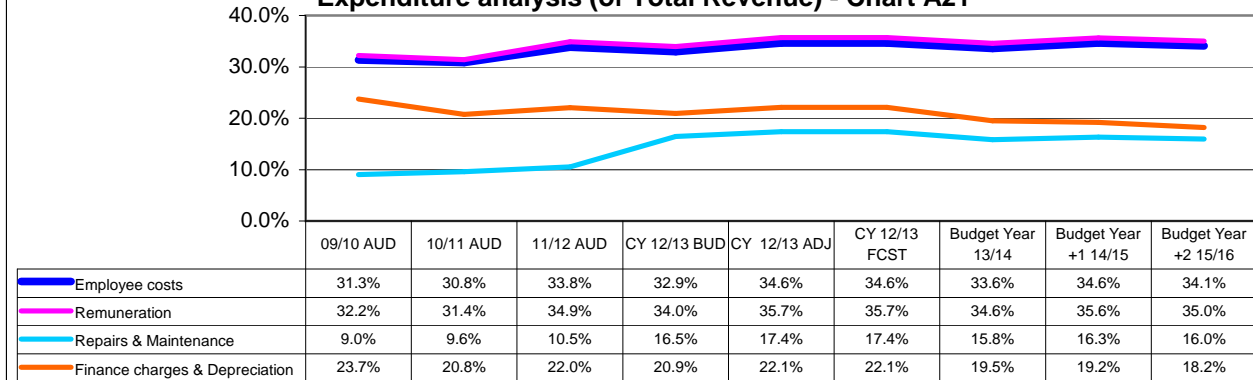
Distribution losses - Chart A19



Borrowed capex funding - Chart A20



Expenditure analysis (of Total Revenue) - Chart A21



ANNEXURE B

OVERSTRAND MUNICIPALITY

RATES TARIFFS 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
RATES	YEAR OF GENERAL VALUATION: 02 JULY 2011				
RATE1*	Commercial Land and Commercial Improvements	0.00566	0.00566	0.00514	0.00514
RATE2*	Residential Land and Residential Improvements	0.00370	0.00370	0.00346	0.00346
	* See attached <i>schedule of Exemptions and Rebates applicable</i>				
RATE3	Municipal Properties: Investment Properties	Applicable tariff for Commercial or Residential	Applicable tariff for Commercial or Residential	Applicable tariff for Commercial or Residential	Applicable tariff for Commercial or Residential
RATE4	Municipal Properties: Property, Plant and Equipment	0.00000	0.00000	0.00000	0.00000
RATE5	Improvement District Surcharge (HPP) on total rates payable on approved Improvement District	0.10000	0.10000	0.10000	0.10000
RATE6	Building Clause	Equals to tariff for rates on property	Equals to tariff for rates on property	Equals to tariff for rates on property	Equals to tariff for rates on property
RATE7	Farm/Agriculture	0.00093	0.00093	15% of Residential Tariff	15% of Residential Tariff
RATE8	Undevelop properties	0.00566	0.00566	new	new
PLEASE NOTE: VAT IS LEVIED AT A RATE OF 0% ON ASSESSMENT RATES					

10.12%

6.94%

0.00%

OVERSTRAND MUNICIPALITY

(Attachments to the Rates Tariff Schedule)

TARIFF CODE	CLASS TAX	TYPE OF PROPERTY	REBATE OR EXEMPTIONS
BUS	General Tax: Commercial	All business, industries, Bed and Breakfast and Guest Houses	No exemptions. Bed and Breakfast as well as Guesthouses can apply before 30 June for the following rebate on the <u>difference between Bus and Res. rate</u> : 1 X lettable room: 100% 2 X lettable rooms: 100% 3 X lettable rooms: 75% 4 X lettable rooms: 50% 5 X lettable rooms: 25%
BUSO	General Tax: Tourism and recreational resorts outside of the municipal service areas	Hotels, Guest Houses, Cottages, Caravan parks and Holiday Resorts, Chalets	50% rebate on the tax applicable on commercial property in urban areas.
RES	General Tax: Residential properties within the municipal service areas	Single residential properties, Group housing, Retirement Villages, Flats, Sectional Schemes, small holdings not used for bona fide farming purposes	The first R15 000.00 of the rateable value of all residential properties is exempted from property tax. A further R35 000.00 of the rateable value is exempted in respect of all residential properties where a residential completion certificate has been issued and an additional rebate of 20% of the levy calculated on such properties, is granted. Rebate to qualifying property owners as indicated under "Other Rebate"
RESO	General Tax: Residential properties outside of the municipal service area	Single residential properties, Group housing, Retirement Villages, Flats, Sectional Schemes	50% of the tax applicable on residential property in urban areas. Rebate to qualifying property owners as indicated under "Other Rebate"
FARMS	General Tax: Farming Properties	Farms and smallholdings used for bona fide farming purposes outside municipal service area	No exemptions. 75% of the tax applicable on residential property in urban areas if the owner provides the council with an affidavit from a registered accounting officer on a <u>business letterhead</u> that the income from farming activities exceeds 40 percent of the household income.
FARMS	Conservation land	Privately owned properties whether designated or used for conservation purposes.	No other rebates are granted. See <i>tariff applicable on Farms</i> .

REBU2 REBU3 REBU4	Other Rebates	Single residential properties, Group Housing, Retirement Villages, Flats, Sectional Schemes	<ul style="list-style-type: none"> - Property must be occupied permanently; - The applicant must be the registered owner; - Only one residential unit allowed on the property - Applicant may not be the registered owner of more than one property <ul style="list-style-type: none"> • A rebate of 100% to approved applicants, in terms of the Rating Policy, who's household income may not exceed the amount of two times (2X) of state funded social pensions per month; • A rebate of 40% to approved applicants, in terms of the Rating Policy, who are older than 60 with a total household income less than four times (4X) of state funded social pensions per month; • A rebate of 30% to approved applicants, in terms of the Rating Policy, who are older than 60 with a total household income of more than four times (4X) but less than eight times (8X) of state funded social pensions per month.
-------------------------	---------------	---	---

EXEMPTIONS FROM PROPERTY RATES (Rates Policy)

Religious Organizations	A property registered in the name of and used primarily as a place of public worship by a religious organization/community, including an official residence registered in the name of that organization/community which is occupied by an office bearer who officiates at services at that place of worship in terms of section 17(1)(i) of the MPRA.
Health and welfare institutions	Properties used exclusively as a hospital, clinic, mental hospital, orphanage, non-profit retirement village, old age home or benevolent institution, including workshops used by the inmates, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the boundaries of Overstrand Municipality.
Private schools and Educational Institutions	Property used by registered private schools for educational purposes only
Charitable institutions	Properties belonging to not-for-gain institutions or organizations that perform charitable work.
Sporting bodies	Property used by an organization whose sole purpose is to use the property for sporting purposes, for gain or not. Assistance to professional sporting organizations may differ from that afforded to amateur bodies. The rebate will be awarded at the sole discretion of council on an annual basis .
Agricultural societies	Property belonging to agricultural societies affiliated to the SA Agricultural Union used for the purposes of the society.
Cultural institutions	Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
<i>Museums, libraries, art galleries and botanical gardens</i>	Registered in the name of private persons, open to the public and not operated for gain.
Youth development organizations	Property owned and/or used by organizations such as the Boy Scouts, Girls Guides, Voortrekkers or organizations the Council deems to be similar.
Animal protection	Property owned or used by institutions/organizations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.

OVERSTRAND MUNICIPALITY

SUNDRY TARIFFS 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
S1	BOAT LICENCE/PERMITS, LAUNCHING & ENTRANCE FEE				
S1J	Kleinbaai Harbour:				
S1J1	On site Parking pm	614.04	700.00	585.96	668.00
S1J2A	Category B1: Shark-view operators (Incl on-site parking) pa	25 824.56	29 440.00	24 361.41	27 772.00
S1J2B	Category B2: Shark-view operators (excl on-site parking) pm	1 973.68	2 250.00	1 859.65	2 120.00
S1J2C	Category B2: Shark-view operators (excl on-site parking) pa	19 710.53	22 470.00	18 596.49	21 200.00
S1J3A	Category D1: Boat-based whale-watching pm	1 973.68	2 250.00	1 859.65	2 120.00
S1J3C	Category D1: Boat-based whale-watching (incl on-site parking) pa	25 824.56	29 440.00	24 361.40	27 772.00
S1J3D	Category D2: Boat-based whale-watching (excl on-site parking) pm	1 973.68	2 250.00	1 859.65	2 120.00
S1J3E	Category D2: Boat-based whale-watching (excl on-site parking) pa	19 710.53	22 470.00	18 596.49	21 200.00
S1J4A	Kelp Collectors/Salmon Farming pm	1 973.68	2 250.00	1 859.65	2 120.00
S1J4B	Kelp Collectors/Salmon Farming pa	19 710.53	22 470.00	18 596.49	21 200.00
S1J4C	Kelp Collectors/Salmon Farming per launch	131.58	150.00	121.05	138.00
S1J5	Oversize vessel	tariff + 50%	vat on tariff + 50%	tariff + 50%	vat on tariff + 50%
S1J6A	Nature Conservation	FREE	FREE	FREE	FREE
S1J6B	Support Service per month	464.91	530.00	438.60	500.00
S1J6C	Support Service per launch	61.40	70.00	57.02	65.00
S1J7A	Sport/Commercial Fishing Overstrand consumers only pa	403.51	460.00	381.58	435.00
S1J7B	Sport/Commercial Fishing non-consumers per launch	65.79	75.00	60.53	69.00
S1J8A	Passenger Boats pm	986.84	1 125.00	929.82	1 060.00
S1J8B	Passenger Boats per launch	96.49	110.00	88.60	101.00
S1J9	Use of Tractor for boat-launching / month	166.67	190.00	158.77	181.00
S1J10	Under-cover Stalls (Informal trading) / day	30.70	35.00	28.07	32.00
S1J11	Formal Shop Rental / month	570.18	650.00	539.47	615.00
S1J12	Informal Trader under cover rental / month	377.19	430.00	353.51	403.00
S1L	Kleinmond (08:00 - 16:00)				
S1L1	Entrance fee per day (Western Cape December school holiday plus Easter Weekend)	26.32	30.00	26.32	30.00
S1L2	Season Ticket (Western Cape December School Holiday plus Easter Weekend) (Motor Vehicles)	232.46	265.00	219.30	250.00
S2	BUILDING CONTROL				
S2A1	Building Plan Fees up to 100 m² (R/m²)	19.30	22.00	17.54	20.00
S2A2	Building Plan Fees from 101 m² to 200 sq m (R/m²)	23.68	27.00	21.93	25.00
S2A3	Building Plan Fees from 201 m² to 300 sq m (R/m²)	28.07	32.00	26.32	30.00
S2A4	Building Plan Fees greater than 300 m² (R/m²)	33.33	38.00	30.70	35.00
S2A5	Building Plan fees - Building Sub Economic < 70 m²	280.70	320.00	263.16	300.00
S2B	Alterations and Additions smaller than 30 m²	578.95	660.00	526.32	600.00
S2C	Building Plan fees related to farm buildings (farm sheds, stables, etc) R/m²	13.16	15.00	8.77	10.00
S2D1	Building Plan fees related to Industrial buildings R/m²	13.16	15.00	12.28	14.00
S2D2	Building Plan Fees Related to Government Buildings (School etc) (R/m²)	13.16	15.00	8.77	10.00
S2F1	Plan Scrutiny Fees - < 200 m²	342.11	390.00	324.56	370.00
S2F2	> 200 m² (R/m²)	2.81	3.20	2.63	3.00

OVERSTRAND MUNICIPALITY

SUNDRY TARIFFS 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
S2G	Demolition application	342.11	390.00	324.56	370.00
S2H	Re-inspection fees and Inspections on queries	192.98	220.00	175.44	200.00
S2J1	Building Deposit - < 50m² or less or less than R150,000.00	600.00	no vat	600.00	no vat
S2J2	Building Deposit - Recoverable 50m² to 200m² or more than R150,000.00	1 600.00	no vat	1 500.00	no vat
S2J3	Building Deposit - Recoverable more than 200m²	4 400.00	no vat	4 400.00	no vat
S2J4	Building Deposit - Sub economic Areas only (Not applicable to Additions)	No Deposit	no vat	No Deposit	no vat
S2K	Administration / Storage Fee	36.84	42.00	34.21	39.00
S2L1	Heritage Investigation Minor Alterations (no additions)	324.56	370.00	307.02	350.00
S2L2	Heritage Investigation add and alt smaller than 30m²	649.12	740.00	614.04	700.00
S2L3	Heritage Investigation add and alt greater than 30m²	1 315.79	1 500.00	1 228.07	1 400.00
S3	BUILDING CONTROL: PLAN PRINTING FEES				
S3A1	Per sheet - Size A0 (Private copy)	43.86	50.00	39.47	45.00
S3A2	Size A1 (Private copy)	35.09	40.00	30.70	35.00
S3A3	Size A2 (Private copy)	26.32	30.00	21.93	25.00
S3A4	Per sheet - Size A0 (Official copy)	35.09	40.00	30.70	35.00
S3A5	- Size A1 (Official copy)	26.32	30.00	21.93	25.00
S3A6	- Size A2 (Official copy)	19.30	22.00	17.54	20.00
S3B1	Per sheet - Size A0 (Private copy) Colour	228.07	260.00	214.04	244.00
S3B2	Size A1 (Private copy) Colour	175.44	200.00	163.16	186.00
S3B3	Size A2 (Private copy) Colour	114.04	130.00	107.02	122.00
S3B4	Per sheet - Size A0 (Official copy) Colour	114.04	130.00	107.02	122.00
S3B5	- Size A1 (Official copy) Colour	87.72	100.00	81.58	93.00
S3B6	- Size A2 (Official copy) Colour	61.40	70.00	56.14	64.00
S15	CEMETERY				
	Residents (RES):				
S15A	Plot Cost (Fixed)				
S15A1	All cemeteries - 6 ft	412.28	470.00	385.96	440.00
S15A2	All cemeteries - 8 ft	561.40	640.00	526.32	600.00
S15A3	Garden of Remembrance Fees	157.90	180.00	157.89	180.00
S15B	Indication of grave				
S15B1	New graves (include inspection before and after funeral)	412.28	470.00	385.96	440.00
S15B2	Existing graves	131.58	150.00	114.04	130.00
	Non Residents:				
S15C	Plot Cost				
S15C1	All Tariffs	Res Tariff X 5	Vat on Res Tariff X 5	Res Tariff X 5	Vat on Res Tariff X 5
S15D	Indication of grave				
S15D1	All Tariffs	Res Tariff X 5	Vat on Res Tariff X 5	Res Tariff X 5	Vat on Res Tariff X 5
S18	COMMERCIAL FILMING/PHOTOGRAPHING				
S18A1	Large per day or part thereof ≥ 50 people	9 298.25	10 600.00	8 771.93	10 000.00
S18A2	Small per day or part thereof more than 10 but < 50 people	3 254.39	3 710.00	3 070.18	3 500.00

5.41%
10.00%

7.69%
5.71%
5.71%
7.14%

11.12%
14.30%
20.02%
14.30%
20.02%
10.03%
6.56%
7.53%
6.56%
6.56%
7.53%
9.37%

6.82%
6.67%
0.00%
6.82%
15.39%

6.00%
6.00%

OVERSTRAND MUNICIPALITY

SUNDRY TARIFFS 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
S18A3	Small per day or part thereof ≤ 10 people	929.82	1 060.00	877.19	1 000.00
	Addition to Shoot				
S18C	Animals (per animal per day or part of a day)				
S18D	Area required for production and catering (per m² per day or part of a day)	114.04	130.00	105.26	120.00
S18E	Cancellation Fee (per application at full permit fee)	26.32	30.00	24.56	28.00
S18G	Environmental Control Officer: Fees per hour or part thereof	15% of Fee	15% of Fee	15% of Fee	15% of Fee
S18H	Vehicles off Public Roads per Parking Bay (per vehicle per day/part of a day)	280.70	320.00	263.16	300.00
		96.49	110.00	87.72	100.00
S20	CREDIT CONTROL AND DEBT COLLECTION				
S20A1	Admin fee on arrear accounts Notices	263.16	300.00	263.16	300.00
S20A2	Admin fee on 24 hour Notices - Bulk users	263.16	300.00	new	new
S20B	Admin fee on arrear accounts Disconnection and Reconnection Fee	438.60	500.00	438.60	500.00
S22	DOG TAX				
S22A	Licence per dog	52.63	60.00	46.49	53.00
S22B	Social pensioner and registered indigent clients on application	FREE	no vat applicable	FREE	no vat applicable
S23	FIRE SERVICES & DISASTER MANAGEMENT				
S23A	Plot Clearing	Actual Cost + R877.20 admin. Fee	(Actual Cost + Vat) + R1 000.00	Actual Cost + R877.20 admin. Fee	(Actual Cost + Vat) + R1 000.00
S23B	Re-inspection Fee under By-law	105.26	120.00	98.25	112.00
S25	LAW ENFORCEMENT				
S25B	Business Licence				
S25B1	Business Licence - permanent stand	508.77	580.00	507.02	578.00
S25B2	Business Licence - not permanent stand	201.75	230.00	202.63	231.00
S25B3	Re-inspection Fee	100.88	115.00	98.25	112.00
S25B4	Duplicate Licence Fee	100.88	115.00	100.88	115.00
S25C	Impoundment of Hawkers Goods				
S25C1	Per Impoundment	447.37	510.00	405.26	462.00
S25C2	Removal of illegal structure per structure	1 842.11	2 100.00	1 671.93	1 906.00
S25C3	Storage Fee per day	118.42	135.00	107.02	122.00
S25D	Pound fee: Dogs and Cats				
S25D1	Impoundment of Dogs and Cats	48.25	55.00	43.86	50.00
S25D2	Pound fee: from day 2 per day	30.70	35.00	26.32	30.00
S25E	Pound fee: Other Animals				
S25E1	Impoundment fee per week per animal	482.46	550.00	438.60	500.00
S25F	Bylaw on Outdoor Advertising				
S25F1	Impoundment of illegal Advertising/Agent boards (per board) - small	48.25	55.00	43.86	50.00
S25F2	Impoundment of illegal Advertising/Agent boards (per board) - large	482.46	550.00	438.60	500.00
S28	LIBRARY				
S28A1	Copies: A3 / Page	2.81	3.20	2.63	3.00
S28A2	Copies: A4 / Page - Education Purposes ONLY	1.32	1.50	1.32	1.50

6.00%

8.33%

7.16%

6.67%

10.00%

0.00%

0.00%

13.20%

0.00%

7.14%

0.35%

-0.43%

2.68%

0.00%

10.39%

10.18%

10.65%

10.00%

16.66%

10.00%

10.00%

10.00%

6.84%

0.00%

OVERSTRAND MUNICIPALITY

SUNDRY TARIFFS 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
S28A3	Copies: A4/Page	2.19	2.50	2.19	2.50
S28B1	Deposit to person/s non-residents Fiction & Non-Fiction	270.00	no vat	250.00	no vat
S28C1	Fax per page - excluding 0865/6 numbers	3.77	4.30	3.51	4.00
S28C2	Fax per page - 0865/6 numbers	5.61	6.40	5.26	6.00
S28D1	Lost Cards: Laminated (R/card)	14.04	16.00	13.16	15.00
S28E1	Penalty per book per week	1.00	no vat	1.00	no vat
S28E2	Penalty per record/CD per week	1.00	no vat	1.00	no vat
S28E3	Penalty per video per day	2.00	no vat	2.00	no vat
S28F1	Scanning of Document - Black & White	14.04	16.00	13.16	15.00
S28F2	Scanning of Document - Colour	15.79	18.00	14.91	17.00
S28G1	Special Requests - Hold per Book	2.63	3.00	2.63	3.00
S28G2	Special Requests - ILL per Book	4.39	5.00	4.39	5.00
S28H1	Subscriptions/ reader - Adults (Non residents)	105.26	120.00	96.49	110.00
S28H2	Subscriptions/ reader - Children (Non residents)	65.79	75.00	60.53	69.00
S28H3	Subscriptions/ reader - Family max 5 (Non residents)	254.39	290.00	237.72	271.00
S28J	Use of Internet Per 30 minutes subject to Telkom Price Increases	11.40	13.00	10.53	12.00
S28K	Visitor's fee - Handling charge / item	8.77	10.00	7.89	9.00
S30	STONEY POINT				
S30A1	Visitors fee Story Point Nature Reserve per day (persons 6 years and older)	8.77	10.00	8.77	10.00
S30A2	Visitors fee Story Point Nature Reserve per day (children under 6 years)	no charge	no charge	no charge	no charge
S30A3	Visitors fee Story Point Nature Reserve - Permit, financial year, per person	87.72	100.00	87.72	100.00
S32	PARKING FEE BEACHES: GROTTO & KLEINMOND (08:00 - 16:00)				
S32A	Bus Drop off (more than 14 seats)	96.49	110.00	92.98	106.00
S32B	Parking Buses: Municipal Parking Area per day	149.12	170.00	140.35	160.00
S32C	Per vehicle per day or part of a day - (Western Cape December School Holiday plus Easter Weekend)	9.65	11.00	8.77	10.00
S32D	Residents permit per year (only 2 per owner of erven)	39.47	45.00	35.09	40.00
S32E	Season Ticket (Western Cape December School Holiday plus Easter Weekend) (per Motor Vehicle)	105.26	120.00	96.49	110.00
S33	OPERATIONAL COST				
S33A	Application fee for Installation of Street Signage (brown direction boards)	cost + 15%	applicable vat	cost + 15%	applicable vat
S34	PROPERTY ADMINISTRATION				
S34A	Application for Encroachment (Asset Management Policy (Par. 53.1; 53.2; 53.3, 53.4, 53.5)	1 754.39	2 000.00	1 655.26	1 887.00
S34B1	Application for purchase / lease of Municipal Property (excluding Sport Facilities)	1 754.39	2 000.00	1 655.26	1 887.00
S34B2	Application for purchase / lease of Municipal Property - registered Social Care Institutions / Organisations	438.60	500.00	new	new
	Encroachment Fee:				
S34C	Veranda, Balcony, Sign, Signboards or similar structure (per annum) (Par. 53.1)	302.63	345.00	285.09	325.00

0.00%
8.00%
7.44%
6.59%
6.67%
0.00%
0.00%
0.00%
6.67%
5.89%
0.00%
0.00%
9.09%
8.70%
7.01%
8.30%
11.09%

0.00%
0.00%

3.77%
6.25%
10.01%
12.49%
9.09%

5.99%
5.99%

6.15%

OVERSTRAND MUNICIPALITY

SUNDRY TARIFFS 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
S34D	Road Reserves and public thoroughfares (per annum) (Par 53.2)	302.63	345.00	285.09	325.00
S34E	Garden areas onto Commonage & Public Open Spaces or Conservation areas (per annum) (Par. 53.3)	302.63	345.00	285.09	325.00
S34F	Enclosure or exclusive use or portions of the commonage or public open spaces for gardening purposes (per m² per month) (Par 53.4)	8.77	10.00	8.33	9.50
S34G	Use of Municipal land for outdoor seating adjoining a Restaurant (per m² per month) (Par 53.5)	21.93	25.00	20.44	23.30
S34G1	Temporary use (< 12 months) of Municipal land for general purposes (per m² per month)	21.93	25.00	20.44	23.30
S34H	Radio Mast				
S34H1	Equipment on Mast - per month per mast	1 333.33	1 520.00	1 254.39	1 430.00
S34H2	Space in building per m² - per month	350.88	400.00	325.44	371.00
S34H3	Space outside the building per m² - per month	175.44	200.00	167.54	191.00
S34H4	Land for installation of a new mast per m² - per month	43.86	50.00	42.11	48.00
	Memorial Benches				
S34J	Memorial Benches (Installation)	2 192.98	2 500.00	2 192.98	2 500.00
S34K	Memorial Benches (per Annum)	175.44	200.00	175.44	200.00
S36	PROPERTY INFORMATION				
S36A1	Clearance Certificate (R/certificate) - ELECTRONIC	65.79	75.00	61.40	70.00
S36A2	Clearance Certificate (R/certificate) - MANUAL	201.75	230.00	185.96	212.00
S36B1	Deeds office registrations with sales information (R/100 erven or part)	87.72	100.00	79.82	91.00
S36B2	Deeds office registrations with sales information (R/erf)	21.93	25.00	20.18	23.00
S36C	Extract from the Valuation Roll (R/page)	7.02	8.00	6.14	7.00
S36F	Revaluation fee	1 254.39	1 430.00	1 181.58	1 347.00
S36G1	Valuation Certificate (R/certificate) - ELECTRONIC	30.70	35.00	28.95	33.00
S36G2	Valuation Certificate (R/certificate) - MANUAL	105.26	120.00	92.98	106.00
S36H	Access of valuation roll Information on CD	289.47	330.00	270.18	308.00
S40	RENTAL: COMMUNITY HALLS				
S40A	Auditorium & Banqueting Hall				
S40A1	Deposit for all functions (refundable)	1 400.00	no vat	1 300.00	no vat
S40A2	Hire of Auditorium and Banqueting Hall per Hour or part of a hour	421.05	480.00	391.23	446.00
S40A3	Hire of Auditorium per Hour or part of a hour	210.53	240.00	195.61	223.00
S40A4	Hire of Banqueting Hall per Hour or part of a hour	315.79	360.00	292.98	334.00
	Note: Hiring of Kitchen (Banqueting Hall & Auditorium) used for the serving of food only including in the hiring fee mentioned above as this facility forms an integral part of the building and cannot be separated there from.				
S40A6	Piano per event	Actual Tuning Cost + R250.00 admin. Fee	Actual Tuning Cost + R285.00	Actual Tuning Cost + R232.50 admin. Fee	Actual Tuning Cost + R265
S40A7	Sound OR Lighting Equipment per event (each item) per hour	65.79	75.00	488.60	557.00
S40A8	Where use is made of the crockery and other facilities i.e. stove, fridge	438.60	500.00	342.11	390.00
S40A9	After Midnight	tariff X 2	applicable vat	tariff X 2	applicable vat
S40A10	Fund raising event: Local CBO's and NGO's per hour	192.98	220.00	87.72	100.00
S40A11	Non-fundraising event: Local CBO's and NGO's per hour	131.58	150.00	87.72	100.00

OVERSTRAND MUNICIPALITY

SUNDRY TARIFFS 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
S40A12	Preparation for event - per hour / per event dependent on hourly or per event tariff applied	87.72	100.00	new	new
S40A13	Meetings: Government departments (private meetings), NGOs and CBO's from outside the municipal area, per hour (Banquet hall)	192.98	220.00	175.44	200.00
S40A14	Meetings: Local CBO's & NGOs's per hour (Banquet hall only)	17.54	20.00	17.54	20.00
S40C	Barracks - Kleinmond				
S40C1	Hire per room per month	28.07	32.00	28.07	32.00
S40E	Baardskeedersbos / Betty's Bay / Blompark / Buffelsjags /Eluxolweni / Gansbaai Tourism / Kleinmond Youth Centre / Kleinmond Club House / Masakane / Moffat Hall / Mooiuitsig / Overhills / Pringle Bay / Proteadorp / Stanford / Stanford Committee Room / Zwellihle				
S40E1	Deposit: (refundable) Fundraising	190.00	no vat	180.00	no vat
S40E2	Deposit: (refundable) Funeral Tea	75.00	no vat	70.00	no vat
S40E3	Deposit: (refundable) Non Fundraising	130.00	no vat	120.00	no vat
S40E4	Fundraising: (Karaoke) Per daytime or evening	192.98	220.00	181.58	207.00
S40E5	Funeral Tea (three hours)	78.95	90.00	74.56	85.00
S40E6	Government Imbizos - Per daytime or evening	1 350.88	1 540.00	1 267.54	1 445.00
S40E8	Meetings: Local CBO's and NGO's per hour	17.54	20.00	17.54	20.00
S40E9	Non-fundraising (parties) Per daytime or evening	96.49	110.00	88.60	101.00
S40E10	Use of Kitchen - Fundraising events per event	175.44	200.00	163.16	186.00
S40E11	Use of Kitchen - Non Fundraising	No charge	no vat	No charge	no vat
S40J	Kleinmond Hall & Hawston Multi Purpose Centre				
S40J1	Deposit: (refundable) Funeral Teas, Church Services, Government Imbizos & Meetings.	380.00	no vat	360.00	no vat
S40J2	Deposit: Hawston Multi Purpose Centre	0.00	no vat	0.00	no vat
S40J3	Fundraising: Karaoke, Disco, competitions, etc. per daytime or evening	438.60	500.00	181.58	207.00
S40J4	Funeral Tea (three hours)	78.95	90.00	74.56	85.00
S40J5	Government Imbizos (per day)	1 350.88	1 540.00	1 301.75	1 484.00
S40J6	Meetings: Government Departments (private meetings) & CBO's outside Municipal area per hour	192.98	220.00	175.44	200.00
S40J7	Meetings: Local CBO's, NGO's per hour (only large groups > 30)	17.54	20.00	17.54	20.00
S40J8	Non-fundraising: Parties, weddings, indoor sports, etc. per hour	87.72	100.00	84.21	96.00
S40J9	Sound OR Lighting Equipment per event (each item) per hour	65.79	75.00	488.60	557.00
S40J10	Use of kitchen (per event)	210.53	240.00	195.61	223.00
S40J11	Use of kitchen (per event) - Welfare, churches, non-profit organizations	877.19	1 000.00	No charge	no vat
S43	RENTAL: HAWKERS' STALLS, OPEN SPACES & BEACHES				
S43A	CBD				
S43A1	All open stalls per day (demarcated area)(excluding Western Cape December Holiday plus Easter Weekend)	17.54	20.00	28.07	32.00
S43A2	Open Stalls per day (Western Cape December Holiday plus Easter Weekend)	26.32	30.00	43.86	50.00
S43B	Outside the CBD				
S43B1	Open Stalls Rental - Western Cape December Holiday plus Easter Weekend / pm	59.65	68.00	56.14	64.00

OVERSTRAND MUNICIPALITY

SUNDRY TARIFFS 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
S43B2	Open Stalls Rental - excluding Western Cape December Holiday plus Easter Weekend / pm		29.00	23.68	27.00
S43D	Public Open Space				
S43D1	Car Park - Private Car Sales per day (demarcated areas)	25.44			
S43D2	Funfair, Circus etc per day	23.68	27.00	21.93	25.00
S43D3	Welfare, churches, non-profit organizations	570.18	650.00	537.72	613.00
S43D4	Sport Events per day	no charge	no vat	No charge	No charge
S43F	Beaches	2 587.72	2 950.00	2 441.23	2 783.00
S43F1	Beach Rentals - per day (Private functions)	833.33	950.00	754.39	860.00
S46	RENTAL: OFFICE				
S46A	Rental per m ² / pm	78.95	90.00	74.56	85.00
S46B	Local Municipal Council Functions	no charge	no vat	No charge	no vat
S48	RENTAL: SPORT FACILITIES				
S48A	Spaces for Sport - Gansbaai				
S48A1	Club House - per hour (private events)	109.65	125.00	102.63	117.00
S48A2	Club House - Sport events (Overstrand Teams)	no charge	no vat	no charge	no vat
S48A3	Club House - Sport Event - per hour	55.26	63.00	51.75	59.00
S48A4	Sport grounds - Non Overstrand per event	1 084.21	1 236.00	1 022.81	1 166.00
S48A6	Sport grounds - Functions/Events (excluding departmental events)	597.37	681.00	563.16	642.00
S48A7	Gym fees per month	55.26	63.00	51.75	59.00
S48B	Deposit				
S48B1	Sport fields	585.00	no vat	550.00	no vat
S48B2	Clubhouse	350.00	no vat	330.00	no vat
S50	SCHUSS HOUSES KLEINMOND				
S50A	Rent per month	649.12	740.00	604.39	689.00
S55	SUNDRY				
S55A	Access to Information as per Act (2 of 2000) - Tariffs	As Stipulated in the Act	As Stipulated in the Act	As Stipulated in the Act	As Stipulated in the Act
S55B1	Administration Cost - RD ACB	45.61	52.00	42.98	49.00
S55B2	Administration Cost - RD cheques, Post Dated Cheques	actual cost + R30.70	actual cost + R35.00	actual cost + R28.10	actual cost + R32.00
S55B3	Administration Cost - Trace of Direct Deposit	63.16	72.00	58.77	67.00
S55C	Copies of Council Agendas and Minutes per annum	903.51	1 030.00	850.88	970.00
S55D1	Copies: A3 page	3.07	3.50	2.81	3.20
S55D2	Copies: A3 page Colour	6.14	7.00	5.70	6.50
S55D3	Copies: A4 page	2.19	2.50	1.93	2.20
S55D4	Copies: A4 page Colour	4.39	5.00	3.77	4.30
S55E	Foreign Bank Cost	actual cost	actual vat	actual cost	actual vat
S55F1	Fax per page - excluding 0865/6 numbers	3.07	3.50	2.81	3.20
S55F2	Fax per page - 0865/6 numbers	5.26	6.00	4.65	5.30
S55G1	Interest on accounts in arrear	prime + 4%	no vat	prime + 4%	no vat
S55G2	Placard / Poster Deposit for Elections	3 000.00	no vat	2 448.60	no vat

OVERSTRAND MUNICIPALITY

SUNDRY TARIFFS 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
S55G4	Placard / Poster Deposit for Political Parties	3 000.00	no vat	2 448.60	no vat
S55H	Placard / Poster each	10.53	12.00	9.30	10.60
S55I	Duplicate Account	5.26	6.00	4.65	5.30
S55J	Section 62 appeal deposit (refundable if appeal is upheld)	2 120.00	no vat	2 000.00	no vat
S55K1A	Tender objection deposit (refundable if appeal is upheld)	2 120.00	no vat	2 000.00	no vat
S55K1B	Tender objection deposit (partially upheld - refundable)	1 060.00	no vat	2 000.00	no vat
S55K2	Tender documentation Administration Fee: (less than 20 pages)	21.05	24.00	19.30	22.00
S55K3	Tender documentation Administration Fee: (more than 21 pages less than 50 pages)	114.04	130.00	107.02	122.00
S55K4	Tender documentation Administration Fee: (more than 50 pages)	456.14	520.00	429.82	490.00
S55L	Advertising Signs Auctioneers per 14days	324.56	370.00	307.02	350.00
S60	SWIMMING POOL				
S60A	Daily Tariffs				
S60A1	Adults - per person per DAY or part of a day	6.14	7.00	5.26	6.00
S60A2	Children (< 16years) per child per day or part of a day	No Charge	no vat	No Charge	no vat
S60A4	Galas	65.79	75.00	61.40	70.00
S60A5	Training sessions (Schools & Clubs) per season	105.26	120.00	96.49	110.00
S60B	Peak time Tariffs (Hourly tariffs) (Western Cape December Holiday plus Easter Weekend)				
S60B1	Adults - per person per hour or part of a hour	0.88	1.00	0.88	1.00
S60B2	Children (< 16years) per child per day or part of a day	No Charge	no vat	No Charge	no vat
S60B4	Galas	65.79	75.00	61.40	70.00
S65	TOP MANAGEMENT CONSULTATIONS				
S65A1	Consultation Fee (Top Management) per hour	614.04	700.00	570.18	650.00
S65A2	Deposit	7 000.00	no vat	6 500.00	no vat
S72	TOWN PLANNING: APPLICATION FEES				
S72A	Amendment of application and conditions	1 491.23	1 700.00	1 397.37	1 593.00
S72B	Application for amendment of structure plan or SDF	1 754.39	2 000.00	1 611.40	1 837.00
S72F	Removal of Title Deed Restrictions	2 280.70	2 600.00	2 148.25	2 449.00
S72H	Subdivision (cumulative)				
S72H1	to 5 erven	3 421.05	3 900.00	3 221.93	3 673.00
S72H2	6 to 10 erven	4 035.09	4 600.00	3 759.65	4 286.00
S72H3	There after for each 10 or part 10	5 701.75	6 500.00	5 370.18	6 122.00
S72I1	Application for Consent Uses/Special Consent	1 754.39	2 000.00	1 611.40	1 837.00
S72I1	Application for Consent Uses/Special Consent (Erven smaller than 300m ²)	368.42	420.00		
S72J	Application for Rezoning				
S72J1	Erven smaller than 300 m ²	368.42	420.00	1 611.40	1 837.00
S72J2	Erven between and including 300 m ² and 5000 m ²	2 894.74	3 300.00	2 685.96	3 062.00
S72J3	Erven bigger than 5000 m ²	4 035.09	4 600.00	3 759.65	4 286.00
S72K	Departure				
S72K1A	Application for Departure (Sec 15of the Land Use Planning Ordinance, Ordinance 15 of 1985)	1 754.39	2 000.00	1 608.77	1 834.00

22.52%
13.25%
13.14%
6.00%
6.00%
-0.47%
9.08%
6.56%
6.12%
5.71%

16.66%
7.14%
9.09%

0.32%
7.14%

7.69%
7.69%

6.72%
8.87%
6.17%

6.18%
7.33%
6.17%
8.87%

-77.14%
7.77%
7.33%

9.05%

SUNDRY TARIFFS 2013/14

13

OVERSTRAND MUNICIPALITY

REFUSE (SOLID WASTE) 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
SAN1	REFUSE REMOVAL (1 removal per week of 4 bags or 1X240 Bin)	R	R	R	R
SAN1A1	Residential (All registered erven with approved building plan) 1 x removal per week (R/Month)	122.81	140.00	113.16	129.00
SA1A2	Residential Indigent (All registered erven with approved building plan) 1 x removal per week (R/Month)	122.81	140.00	113.16	129.00
SA1C	Commercial/Businesses (Hostels, Old Age Homes, Caravan Sites, Semi-permanent Resorts etc) (R/Month)	122.81	140.00	113.16	129.00
SA1N1	Bulk Container 240L (Wheeley bin) (R/Month) 1 X per week (if available)	122.81	140.00	113.16	129.00
SAN1N	Bulk Container 240L (Wheeley bin) (R/Month) 2 X per week (if available)	245.61	280.00	226.32	258.00
SA1N3	Bulk Container 240L (Wheeley bin) (R/Month) 3 X per week CBD (if available)	368.42	420.00	339.47	387.00
SA1N4	Bulk Container 240L (Wheeley bin) (R/Month) 4 X per week CBD (if available)	491.23	560.00	452.63	516.00
SA1N2	Bulk Container 240L (Wheeley bin) (R/Month) 5 X per week CBD (if available)	614.04	700.00	565.79	645.00
SAN1O	Camp/ill Route (R/Month) (if available)	964.91	1 100.00	903.51	1 030.00
SAN1P	Additional Removals per week on Saturday per Bin (R/Month) Peak Time per removal	184.21	210.00	170.18	194.00
SA1P1	Additional Removals on request Central Town (CBD) per bin (R/Month) (Sunday or Public Holidays) Peak Time per removal	245.61	280.00	226.32	258.00
SAN1Q1	Caravan Sites, Chalets, Semi-permanent & Resorts (R/Month) (Ullenskraalmond Vakansieoord; Franskraal Vakansieoord; Pearly Beach Camp, Micheal Fuchs Guesthouse) NO REMOVAL (per unit/site)	39.47	45.00	35.09	40.00
SAN1R	Departmental Consumption (Municipal Consumption per removal site per month)	105.26	120.00	100.00	114.00
SAN1U	Schools (R/Month)	122.81	140.00	113.16	129.00
SAN1T	Removal outside service area (per removal per hour) (if available)	921.05	1 050.00	868.42	1 008.00
SAN1V	Single Quarters & Transit Camps per unit	39.47	45.00	35.09	40.00
SAN1W	Guesthouses, Bed & Breakfast (R/Month)	122.81	140.00	113.16	129.00
SAN2	SELF DUMPING TRANSFER STATIONS & DUMPING SITES:				
SA2B1	Vehicles >1 & up to 2 Ton per load	140.35	160.00	130.70	149.00
SA2B2	Vehicles >2 & up to 3 Ton per load	210.53	240.00	195.61	223.00
SA2B3	Vehicles >3 & up to 4 Ton per load	280.70	320.00	260.53	297.00
SA2B4	Vehicles >4 & up to 5 Ton per load	350.88	400.00	325.44	371.00
SA2B5	Vehicles >5 & up to 6 Ton per load (no admission to transfer station, only to dumping sites)	421.05	480.00	391.23	446.00
SA2B6	Vehicles >6 & up to 7 Ton per load (no admission to transfer station, only to dumping sites)	491.23	560.00	456.14	520.00

OVERSTRAND MUNICIPALITY

REFUSE (SOLID WASTE) 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
SA2B7	Vehicles >7 & up to 8 Ton per load (no admission to transfer station, only to dumping sites)	552.63	630.00	521.05	594.00
SA2B8	Vehicles >8 & up to 9 Ton per load (no admission to transfer station, only to dumping sites)	622.81	710.00	585.96	668.00
SA2B9	Vehicles >9 & up to 10 Ton per load (no admission to transfer station, only to dumping sites)	692.98	790.00	650.88	742.00
SA2B11	Vehicles >10 Ton per load (no admission to transfer station, only to dumping sites)	833.33	950.00	781.58	891.00
SAN4	BASIC FEE REFUSE SERVICE				
	(Erven without approved building plans)				
SAN4A	All registered erven without approved building plans (R/Month)	61.40	70.00	55.26	63.00
SAN5	SUNDRIES				
SAN5A	Rental of Bulk Container per day (including disposal)	64.91	74.00	60.53	69.00
SAN5B	Deposit - rental of bulk containers per 4 bins or less	500.00	no vat	456.00	no vat
SAN5C	Asbestos Sheet - per unit	46.49	53.00		
SAN5D	Baboon Resistant 240L Wheeley bin with lock delivered to homes on programme	728.07	830.00	687.72	784.00
THE REFUSE REMOVAL TARIFF IS MADE UP AS FOLLOWS: REMOVAL 40%, DISPOSAL 10% AND A BASIC FEE OF 50%					

6.06%

6.29%

6.47%

6.62%

11.10%

7.24%

5.87%

OVERSTRAND MUNICIPALITY

SEWER 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
SE7A	SEWERAGE - SINGLE AND INTERMEDIATE RESIDENTIAL (Dwelling house and Duplex flats, Conventional Sewers, small bore sewers and conservancy tanks)				
SE7A1	0 - 35kl per kl (based on 70% of 50kl water usage) - per unit per month, Conservancy tank service included only during office hours per month. For after hours service refer to tariff SE9B.	9.65	11.00	8.77	10.00
					10.01%
	SEWERAGE - REGISTERED INDIGENT HOUSEHOLDS				
SE7A4	0 - 4.2 kl - subsidised (FBS)	9.65	11.00	8.77	10.00
SE7A5	4.3 - 35kl per kl (based on 70% of 50kl water usage) - per unit per month, Conservancy tank service included only during office hours per month. For after hours service refer to tariff SE9B.	9.65	11.00	8.77	10.00
					10.01%
SE7B	SEWERAGE - GENERAL RESIDENTIAL (Blocks of flats and Residential Buildings)				
SE7B1	0 - 45kl per kl (based on 90% of 50kl water usage) per unit per month	9.65	11.00	8.77	10.00
					10.01%
SE7C	SEWERAGE - GUEST HOUSE; BED & BREAKFAST ESTABLISHMENTS				
SE7C1	per kl (based on 70% of water usage) per unit per month	9.65	11.00	8.77	10.00
					10.01%
SE7D	CONSUMPTION - ALL OTHER (Including Commercial, Industrial, School, Sport, etc)				
SE7D1	per kl (based on 90% of water usage) per unit per month - this percentage may be adjusted according to the Tariff Policy after investigation	9.65	11.00	8.77	10.00
					10.01%
SE7E	CONSUMPTION - DEPARTMENTAL				
SE7E1	0 - 35 kl per kl (based on 70% of 50kl water usage) per unit per month	9.65	11.00	8.77	10.00
					10.01%
SE8	BASIC CHARGE				
SE8AR	Basic Monthly Charge Developed sites per erf/unit per month	85.97	98.00	80.70	92.00
SE8BR	Basic Monthly Charge Undeveloped sites - can not connect to the network per erf/unit per month	57.90	66.00	54.39	62.00
SE8CR	Basic Monthly Charge Undeveloped sites - can connect to the network per erf/unit per month	130.70	149.00	122.81	140.00
SE8DR	Basic Monthly Charge Developed sites - with a septic Tank per erf/unit per month	57.90	66.00	54.39	62.00
SE8ER	Basic Monthly Charge - Low Cost Housing & Single Quarters per erf/unit per month	57.90	66.00	54.39	62.00
	Infrastructure				
SE8F	Fixed Infrastructure Basic Charge per erf/unit per month	9.60	10.94	7.35	8.38
					30.60%
SE9	SUNDRY CHARGES				
SE9A	<u>Vacuum Tanker Service for users not paying tariffs SE7 above - PROVIDED ON REQUEST</u>				

OVERSTRAND MUNICIPALITY

SEWER 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
SE9A1	Vacuum Tanker Service provided on request < 6kl (per 6kl or part thereof)	395.61	451.00	372.81	425.00
SE9A2	Vacuum Tanker Service provided on request < 5kl (per 5kl or part thereof)	395.61	451.00	372.81	425.00
SE9A4	Vacuum Tanker Service provided on request > 6kl (per 6kl or part thereof)	395.61	451.00	372.81	425.00
SE9A5	Call out fee for Tank Service request but no service due to another defect	395.61	451.00	372.81	425.00
SE9A6	More than 3 pipes an additional fee per pipe for users not paying tariff SE7 above	57.90	66.00	54.39	62.00
SE9BA	After Hours Vacuum Tanker Service - PROVIDED ON REQUEST				
SE9B1	After Hours - per request < 6kl (per 6kl or part thereof)	791.23	902.00	745.61	850.00
SE9B2	After Hours - per request > 6kl (per 6kl or part thereof)	791.23	902.00	745.61	850.00
SE9B3	After Hours - per request < 5kl (per 5kl or part thereof)	791.23	902.00	745.61	850.00
SE9B2	After Hours Businesses with Public Toilets per removal	236.84	270.00	221.93	253.00
SE9C	Vacuum Tanker Service outside urban areas - PROVIDED ON REQUEST				
SE9C1	Normal Applicable Tariff (SE9A1 or SE9A2 or SE9A4) plus additional per hour	236.84	270.00	221.93	253.00
SE9C2	Normal Applicable Tariff (SE9A1 or SE9A2 or SE9A4)) plus additional per km	11.40	13.00	10.53	12.00
SE9C6	After Hours for Vacuum Tanker Service outside urban areas - PROVIDED ON REQUEST				
SE9C7	After Hours Applicable Tariff (SE9B1 or SE9B2 or SE9B3) plus additional per hour	236.84	270.00	221.93	253.00
SE9D	After Hours Applicable Tariff (SE9B1 or SE9B2 or SE9B3) plus additional per km	11.40	13.00	10.53	12.00
SE9D	Testing and Connection Fees				
SE9D1	Testing of the septic and conservancy tanks per test	991.23	1 130.00	929.82	1 060.00
SE9D2	Smallbore sewerage connection fee + tank test	3 118.42	3 555.00	2 530.70	2 885.00
SE9D3	Sewer Connection	2 723.68	3 105.00	2 530.70	2 885.00
SE9E	Disposal				
SE9E1	Charge per kl or part thereof	46.49	53.00	43.86	50.00
The cut off time for service delivery on the same day will be at 15:00. tanker services after 15:00 will be charged at the after hour rate or will stand over untill the next working day.					
SEW10	BULK SERVICES DEVELOPMENT FEES				
	Development Contributions will be determined as set out in the Annexure in respect of Development Contribution Policy				

6.12%
6.12%
6.12%
6.12%
6.45%

6.12%
6.12%
6.12%
6.72%

6.72%
8.30%

6.72%
8.30%

6.60%
23.22%
7.63%

6.00%

OVERSTRAND MUNICIPALITY

ELECTRICITY 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
ED	ELECTRICITY CONSUMER DEPOSITS				
ED2A1	Large Power User Group tariff E 4/E5 if phased in (excluding Kleinmond)	R	0.00	0.00	no vat
ED2B2	Large Power User Group tariff E 4/E5 if phased in Kleinmond 2 weeks highest average consumption	R	calculated	calculated	no vat
ED2C3	Two Times average consumption during the preceding 12 months (Defaulters)	R	calculated	calculated	no vat
ED3A	Domestic & Commercial Single Phase Credit Meter (Two Part Tariff) Electricity	R	3 850.00	3 500.00	no vat
ED3B	Two Times average consumption during the preceding 12 months (Defaulters)	R	calculated	calculated	no vat
ED4A	Domestic Three Phase Credit Meter (Two Part Tariff) - Electricity	R	6 500.00	5 900.00	no vat
ED4B	Two Times average consumption during the preceding 12 months (Defaulters)	R	calculated	calculated	no vat
ED5A	Commercial Three Phase Credit Meter (Two Part Tariff) - Electricity	R	7 600.00	6 900.00	no vat
ED5B	Two Times average consumption during the preceding 12 months (Defaulters)	R	calculated	calculated	no vat
ED6A	Domestic & Commercial Single Phase P/Paid (Two Part Tariff) - Electricity	R	400.00	360.00	no vat
ED7A	Domestic & Commercial Three Phase P/Paid (Two Part Tariff) - Electricity	R	1 230.00	1 100.00	no vat
ED8	Deposit - Registered Indigent	R	130.00	120.00	no vat
EF	FIXED CHARGES				
EF1	Infrastructure Charge per Meter per month	R	16.65	18.98	19.55
EF2	Demand Side Management (DSM) per month	R	53.51	61.00	57.00
E1	SINGLE PHASE : DOMESTIC				
E1A	Two-Part Tariff: Credit meters up to 60 Amp (13.8 kVA BDMD) (Including Resorts)				
E1A1	Basic Monthly charge per meter	R	192.98	220.00	180.00
	kWH Unit cost				
E1A2	IBT BLOCK 1 0 - 350 kWh	c	88.68	101.10	98.15
E1A3	IBT BLOCK 2 351 - 600 kWh	c	120.16	136.98	129.23
E1A4	IBT BLOCK 3 > 600 kWh	c	144.83	165.10	151.47
E1B	Two-Part Tariff: Pre-Paid up to 60 Amp (13.8 kVA BDMD) (Included Resorts)				
E1B1	Basic Monthly charge per meter	R	192.98	220.00	180.00
	kWH Unit cost				
E1B2	IBT BLOCK 1 0 - 350 kWh	c	81.93	93.40	90.68
E1B3	IBT BLOCK 2 351 - 600 kWh	c	113.23	129.08	121.77
E1B4	IBT BLOCK 3 > 600 kWh	c	139.20	158.69	145.59
E1C	SINGLE PHASE : COMMERCIAL				
E1C1	Basic Monthly charge per meter	R	192.98	220.00	180.00
E1C2	kWH Unit cost - Credit Meters	c	123.11	140.34	129.23
E1C3	kWH Unit cost - Pre-paid meters	c	116.01	132.25	121.77

OVERSTRAND MUNICIPALITY

ELECTRICITY 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
E1D	Life Line One part tariff (Pre-paid meters only) ≤ 30 Amp with Maximum consumption of 350 kWh with average measured over twelve month period. Only available to Informal dwellings				
	kWH Unit cost				
E1D1	IBT BLOCK 1 0 - 350 kWh	c	81.93	93.40	79.54
					3.00%
E1E	One part tariff (Pre-paid meters only) Local Economic Development Projects				
	kWH Unit cost				
E1D1	IBT BLOCK 1 0 - 350 kWh	c	140.35	160.00	NEW
E3	THREE PHASE: COMMERCIAL & DOMESTIC				
E3E	Two-Part Tariff: (up to 100A,Credit) (70 kVA BDMD) DOMESTIC				
E3E1	Basic Monthly charge per meter	R	385.97	440.00	315.79
	kWH Unit cost				360.00
E3E2	IBT BLOCK 1 0 - 350 kWh	c	88.68	101.10	86.10
E3E3	IBT BLOCK 2 351 - 600 kWh	c	120.16	136.98	113.36
E3E4	IBT BLOCK 3 > 600 kWh	c	144.83	165.10	132.87
					22.22%
E3E	Two-Part Tariff: (up to 100A, Prepaid) (70 kVA BDMD) DOMESTIC				
E3E5	Basic Monthly charge per meter	R	385.97	440.00	315.79
	kWH Unit cost				360.00
E3E6	IBT BLOCK 1 0 - 350 kWh	c	81.93	93.40	79.54
E3E7	IBT BLOCK 2 351 - 600 kWh	c	113.23	129.08	106.82
E3E8	IBT BLOCK 3 > 600 kWh	c	139.20	158.69	127.71
					3.00%
					6.00%
					9.00%
E3E	Two-Part Tariff: (up to 100A,Credit)(70 kVA BDMD) COMMERCIAL				
E3E9	Basic Monthly charge per meter	R	385.97	440.00	315.79
E3E10	kWH Unit cost	c	123.11	140.34	113.36
					22.22%
					8.60%
E3E	Two-Part Tariff: (up to 100A, Prepaid)(70 kVA BDMD) COMMERCIAL				
E3E11	Basic Monthly charge per meter	R	385.97	440.00	315.79
E3E12	kWH Unit cost	c	116.01	132.25	106.82
					22.22%
					8.60%
E3G	One-Part Tariff: (up to 100A,only prepaid) (70 kVA BDMD) Businesses, Flats, Sport grounds, Churches.(minimum of 800kWh average for twelve months)				
E3G1	kWH Unit cost	c	153.69	175.21	141.52
					8.60%
E4	LARGE POWER USERS GROUP (more than 100A)(70 kVA BDMD)				
	BULK TARIFF				
E4A1	kVA Charge	R	119.30	136.00	102.63
					16.24%

OVERSTRAND MUNICIPALITY

ELECTRICITY 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
E4A2	kWh Unit charge	c	58.48	66.67	61.39
	Service, Admin. Charge per month			53.85	
E4A3	≤ 100 kVA	R	438.60	500.00	430.00
E4A4	> 100 kVA & ≤ 500 kVA	R	2 065.79	2 355.00	2 030.00
E4A5	> 500 kVA & ≤ 1000 kVA PLUS Distribution Network Charge R/kVA charged on NMD or UMD which is the highest	R	5 877.19	6 700.00	5 770.00
E4A6	< 500 Volt - LV	R	38.82	44.25	40.75
E4A7	≥ 500 Volt & ≤ 11000 Volt - HV	R	35.57	40.55	37.34
E4A8	Exceed NOTIFIED MAXIMUM DEMAND (NMD) per kVA Per month	R	708.77	808.00	721.00
E5	TIME OF USE TARIFF: Based on Eskom RURAFLEX - <i>MUNIC</i> LV OR HV				
	Service Charge (per month)				
E5A1	≤ 100 kVA	R	566.63	645.96	516.76
E5A2	> 100 kVA & ≤ 500 kVA	R	2 200.50	2 508.57	2 006.86
E5A3	> 500 kVA & ≤ 1 MVA	R	5 694.38	6 491.59	5 193.27
E5A4	> 1MVA	R	6 611.63	7 537.26	6 029.80
	Winter (June, July & August)				
E5A5	Peak kWh Unit Charge	c	365.00	416.10	383.15
E5A6	Standard kWh Unit Charge	c	93.57	106.67	98.22
E5A7	Off Peak kWh Unit Charge	c	49.22	56.11	51.66
	Summer (September to May)				
E5A8	Peak kWh Unit Charge	c	100.53	114.60	105.53
E5A9	Standard kWh Unit Charge	c	60.90	69.43	63.93
E5A10	Off Peak kWh Unit Charge	c	42.08	47.97	44.18
E5A11	Access Charge (R/kVA/m)	R	14.97	17.07	12.80
E5A12	Reactive Energy	c	5.85	6.67	6.56
E5A13	Reliability Service Charge	c	0.34	0.39	new
E5A14	Exceed NOTIFIED MAXIMUM DEMAND (NMD) per kVA Per month	R	708.77	808.00	721.00
E6	SUBSIDIZED TARIFFS: Grant to be shown separately				
E7	PUBLIC LIGHTING				
E7A1	Streetlights (metered) per kWh	c	53.00	60.42	57.00
E7A2	Streetlights (burning costs) (R per 100watt /per month)	R	18.59	21.20	20.00
E7A4	Telephone booths per annum	R	265.93	303.16	286.00
E7A5	Illuminated street sign boards per month	R	18.59	21.20	20.00
E8	CASUAL SUPPLIES				
E8A1	Per connection includes disconnection excluding hire of kiosk	R	714.91	815.00	769.00
E8A2	Consumption per day/CB Ampere size (per amp) if not metered	R	5.12	5.84	5.51
E8A3	Hire of temporary distribution kiosk, per kiosk, per occasion	R	307.02	350.00	652.00
E8A4	Deposit (Usage will be subtracted)	R	1 000.00	no vat	no vat
E9	AVAILABILITY CHARGES :				

OVERSTRAND MUNICIPALITY

ELECTRICITY 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
E9A1	Availability charge per vacant plot per month	R 192.98	220.00	157.89	180.00
E9A2	Infrastructure per vacant plot per month	R 16.65	18.98	17.15	19.55
E10	SUNDRY CHARGES				
E10A1	Call-out Fee - (office hours)	R 447.37	510.00	423.68	483.00
E10A2	Call-out Fee - after hours (Weekdays & Saturdays)	R 675.44	770.00	635.96	725.00
E10A3	Call-out Fee - after hours (Sundays & Public Holidays)	R 894.74	1 020.00	847.37	966.00
E10A4	MV. Switching on Council's equipment (office hours)	R 1 333.33	1 520.00	1 255.26	1 431.00
E10A5	MV. Switching on Council's equipment -after hours (Weekdays & Saturdays)	R 2 000.00	2 280.00	1 882.89	2 147.00
E10A6	MV. Switching on Council's equipment -after hours (Sundays & Public holidays)	R 2 666.67	3 040.00	2 510.53	2 862.00
E10A7	Contractor Inspection 2nd	R 447.37	510.00	423.07	482.30
E10A8	Contractor Inspection 3rd	R 675.44	770.00	632.46	721.00
E10A9	Change of Circuit Breaker - S/Phase(1/annum)	R 377.19	430.00	336.84	384.00
E10A10	Change of Circuit Breaker - 3 Phase(1/annum)	R 745.61	850.00	650.88	742.00
E10A11	Disconnection	R 219.30	250.00	135.96	155.00
E10A12	Reconnection	R 219.30	250.00	135.96	155.00
E10A13	Verification of a Meter Reading	R 219.30	250.00	135.96	155.00
E10A14	Administration fee - recalculation due to no meter access	R 114.04	130.00	100.88	115.00
E10A15	Test of Meter: 1 & 3 Phase (Conditionally Refundable)	R 403.51	460.00	377.19	430.00
E10A16	Test of Meter: All other Meters (Conditionally Refundable)	R 833.33	950.00	778.95	888.00
E10A17	Tariff change - change between one part and two-part	R 149.12	170.00	135.96	155.00
E10A18	Damage elect meter (based on meter cost + call out X 2 + 15%)	R 964.91	1 100.00	909.65	1 037.00
E10A19	Damage elect meter 3 phase (based on meter cost + call out X 2 + 15%)	R 1 517.54	1 730.00	2 847.37	3 246.00
E10A20	Damage of Bulk meter	R 7 763.16	8 850.00	7 092.98	8 086.00
E10A21	Change from Bulk to Time of Use (with existing bulk meter) + Deposit on request of user	R 447.37	510.00	478.95	546.00
E10A22	Change from Bulk to Time of Use (without existing bulk meter) + Deposit	R 7 763.16	8 850.00	7 092.98	8 086.00
E10A23	Commission of Bulk meter, supplied by customer (callout x 3)	R 1 350.88	1 540.00	1 010.53	1 152.00
E10A24	Damage of HV Cable	R cost + R25,000.00	Applicable Vat	new	new
E10A25	Damage of MV Cable	R cost + R6,535.09	Applicable Vat	cost + R6,139.47	Applicable Vat
E10A26	Damage of LV Cable	R cost + R2,631.58	Applicable Vat	cost + R2,456.14	Applicable Vat
E10A27	Damage of Service Connection Cable	R cost + R657.89	Applicable Vat	cost + R614.03	Applicable Vat
E10A28	Working without Way leave	R 3 500.00	3 990.00	3 254.39	3 710.00
E10A29	Refundable Wayleave deposit for HV cables	R 50 000.00	no vat	new	new
E10A30	Refundable Way leave deposit for MV cables	R 12 500.00	no vat	11 800.00	no vat
E10A31	Refundable Way leave deposit for LV cables	R 2 700.00	no vat	2 500.00	no vat
E10A32	Cancellation Fee of requested service	R 15% of Service Value	no vat	15% of Service Value	no vat
E10A33	Erection of Banners (Cherry Picker + Supervisor + 2 workers - 2 hours (per banner)	R 1 000.00	1 140.00	new	new
E10A34	Illuminated Signs (Design labour rope lights) where available	R 1 500.00	1 710.00	new	new
E11	CONVERT SUB-ECONOMIC TO STANDARD:				
E11A1	30 Amps - 60 Amps (Tariff E15A4 x2.5 kVA) (Network permitted)	R 11 666.67	13 300.00	9 550.44	10 887.50
E11A2	Other up grading per Amp	R 342.11	390.00	318.42	363.00
E12	CONVERSION OF METERS				

22.22%
-2.91%

5.59%
6.21%
5.59%
6.22%
6.19%
6.22%
5.74%
6.80%
11.98%
14.55%
61.29%
61.29%
61.29%
13.04%
6.98%
6.98%
9.68%
6.07%
-46.70%
9.45%
-6.59%
9.45%
33.68%

7.55%

5.93%
8.00%

22.16%
7.44%

OVERSTRAND MUNICIPALITY

ELECTRICITY 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
E12A1	Convert Credit Meter to P/P: SP (no cable work) (based on meter cost + call out X 2 +15%)	R 771.93	880.00	855.26	975.00
E12A2	Convert Credit Meter to P/P: 3P (no cable work) (Based on meter cost + call out X 2 +15%)	R 2 807.02	3 200.00	2 846.49	3 245.00
E12A3	Convert Credit Three Phase to Single Phase Credit (Commercial only)	R 710.53	810.00	664.04	757.00
E12A4	Convert P/P Single Phase to Three Phase PP (based on tariff E13A6) cost included cable to boundary	R 7,210.53 + ext fee	Applicable Vat	R6,800.00 + ext fee	Applicable Vat
E12A5	Convert P/P Three Phase to Single Phase PP (based on meter cost = call out x 2 = CB = 15%)	R 964.91	1 100.00	907.02	1 034.00
E12A6	Removal of Meter	447.37	510.00	401.75	458.00
E12A7	Repositioning of Meter (excl. cable)	447.37	510.00	401.75	458.00
E12A8	Repositioning of Meter (incl. cable)	R 1 096.49	1 250.00	1 031.58	1 176.00
E13	SERVICE CONNECTIONS				
E13A1	Builders connection (plus applicable service connection tariff)	R 578.95	660.00	541.23	617.00
E13A2	Single Phase (Credit - 60A) option for Commercial users only	R 3 903.51	4 450.00	3 678.07	4 193.00
E13A3	Single Phase - (Pre-paid meters - 60A) applicable to all Domestic users	R 3 903.51	4 450.00	3 678.07	4 193.00
E13A4	Three Phase : (Credit - 60A) Plus Extension fee	R 7,210.53 + ext fee	Applicable Vat	R6,800.00 + ext fee	Applicable Vat
E13A6	Three Phase : (Pre-Paid - 60A) Plus Extension fee	R 8,333.33 + ext fee	Applicable Vat	R7,803.50 + ext fee	Applicable Vat
E13A7	Non Standard : Sub Economic Connection (Pre-paid 30 Amp)	R 2 368.42	2 700.00	2 200.88	2 509.00
E13A8	Single Phase (Credit 60A- Developer install cable to boundary) option for Commercial users only	R 1 096.49	1 250.00	1 033.33	1 178.00
E13A9	Single Phase (Pre-Paid 60A-Developer install cable to boundary) applicable to all Domestic users	R 1 017.54	1 160.00	957.02	1 091.00
E13A10	Three Phase (Credit 60A- Developer install cable to boundary)	R 2,236.84 + ext fee	Applicable Vat	R3,780.70 + ext fee	Applicable Vat
E13A11	Three Phase (Pre-Paid 60A-Developer install cable to boundary)	R 2,236.84 + ext fee	Applicable Vat	R3,780.70 + ext fee	Applicable Vat
E13A12	Any other none standard connections	cost + 15% admin	Applicable vat	cost + 15% admin	applicable vat
E14	REMEDIAL ACTION FEE (TAMPERING) (Including damage or bypass of the DSM Hot Water Cylinder Control Unit				
E14A1	1 st Offence	R 2 670.00	no vat	2 520.00	no vat
E14A2	2 nd Offence	R 4 000.00	no vat	3 750.00	no vat
E14A3	3 rd Offence		Applicable Vat	Cost of new Connection plus 50%	Applicable Vat
E14A4	Unsafe / Illegal leads (per visit) plus reconnection fee	R 372.81	425.00	350.88	400.00
E15	UPGRADING EXTENSION FEES				
E15A1	Primary Cost p/kVA -include all HV Equipment UP to HV Substation or identified point of supply excluding Dist. TF	R 1 482.46	1 690.00	NEW	NEW
E15A2	Primary Cost p/kVA -include all MV. Equipment UP to Main Substation or identified point of supply excluding Dist. TF	R 2 614.04	2 980.00	1 882.46	2 146.00
E15A3	Secondary Cost p/kVA -include all MV. Equipment UP to Main Substation or identified point of supply including Dist. TF	R 3 714.91	4 235.00	2 922.81	3 332.00
E15A4	Secondary Cost p/kVA -include all MV. Equipment UP to Main Substation or identified point of supply including Dist. TF and Kiosk	R 4 666.67	5 320.00	3 820.18	4 355.00
E15A5	Buying/Refund of spare capacity cost/kVA	R 50%	Applicable VAT	1 042.11	1 188.00
E15A6	Investigation Fee	R 2 675.44	3 050.00	2 519.30	2 872.00

OVERSTRAND MUNICIPALITY

ELECTRICITY 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
E15A7	FACTOR OF 0,36 APPLICABLE ON DOMESTIC USERS : TARIFF : E15A3 AND E15A4 (Commercial /Business no factor apply)	R	Factor 0.36	Factor 0.36	Applicable VAT
E16	BULK SERVICES CONTRIBUTION LEVY (BICL)				
E16A1	Sub Division of existing erf				
E16A1A	Single Phase 60 AMP (5 kVA) Domestic X Tariff E15A4 = P/ERF PLUS STANDARD CONNECTION FEES	R	23 333.33	26 600.00	21 636.00
E16A2	New Developments				
E16A2A	Standard fee per Domestic erf - infrastructure provide by developer	R	9 921.05	11 310.00	10 662.00
E16A2B	Standard fee per Commercial erf - infrastructure provide by developer	R	30 149.12	34 370.00	32 421.00
E16A2C	MV/LV Bulk Supply with metering point cost / kVA= Tariff E15A2	R	2 614.04	2 980.00	2 146.00
E16A2D	LV Bulk Supply if capacity is available on existing TF cost / kVA = Tariff E15A3	R	3 714.91	4 235.00	3 332.00
E17	WHEELING TARIFF				
E17A1	Firm network situation (network will not be interrupted under normal operations	c	15.79	18.00	NEW
E17A2	Non-Firm network situation (Municipal networks may not always be available for transport of energy under normal operation	c	9.65	11.00	NEW

22.94%

6.08%

6.01%

38.86%

27.10%

OVERSTRAND MUNICIPALITY

WATER 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
CONSUMER DEPOSITS					
WD1A	Domestic - Water	850.00	no vat	800.00	no vat
WD1B	Two Times average consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat
WD2A	Commercial - Water - Consumption < 40kl	1 950.00	no vat	1 835.00	no vat
WE2B	Two Times average consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat
WD3A	Commercial - Water - Consumption 40 - 100kl	7 285.00	no vat	6 870.00	no vat
WD3B	Two Times average consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat
WD4A	Commercial - Water - Consumption 100 kl +	11 450.00	no vat	10 760.00	no vat
WD4B	Two Times average consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat
WD5A	Domestic - Water RUE's	Applicable Rue's X WD1A	no vat	Applicable Rue's X WD1A	no vat
WD5B	Two Times average consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat
WD6	Indigent - registered	130.00	no vat	120.00	no vat
8.33%					
W1	BASIC CHARGE				
W1A1	Basic Monthly Charge per erf/unit per month	96.49	110.00	92.98	106.00
W1A3	Fixed Infrastructure Basic Charge per erf/unit per month	15.45	17.61	15.55	17.73
See attachment for the amount of RUE's allocated to different household consumers					
3.77%					
-0.66%					

6.25%

6.27%

6.04%

6.41%

8.33%

3.77%

-0.66%

W1B	CONSUMPTION - HOUSEHOLDS				
	Normal Tariff				
W1B1	0 - 6 kl per kl	3.07	3.50	0.00	0.00
W1B2	7 - 18 kl per kl	8.11	9.25	7.46	8.50
W1B3	19 - 30 kl per kl	13.16	15.00	12.00	13.68
W1B4	31 - 45 kl per kl	20.26	23.10	18.60	21.20
W1B5	46 - 60 kl per kl	26.32	30.00	25.18	28.70
W1B6	>60kl per kl	35.09	40.00	extra step	extra step
	Restriction Tariff (level 1 restrictions)				
W1B7	0 - 6 kl per kl	3.99	4.55	0.00	0.00
W1B8	7 - 18 kl per kl	10.54	12.02	9.69	11.05
W1B9	19 - 30 kl per kl	17.11	19.50	24.18	27.56
W1B10	31 - 45 kl per kl	26.34	30.03	32.73	37.31
W1B11	46 - 60 kl per kl	34.22	39.01		
W1B12	>60kl per kl	45.62	52.00		
	Restriction Tariff (level 2 restrictions)				
W1B13	0 - 6 kl per kl	4.91	5.60	0.00	0.00
W1B14	7 - 18 kl per kl	12.98	14.79	11.93	13.60
W1B15	19 - 30 kl per kl	21.06	23.99	29.75	33.92
W1B16	31 - 45 kl per kl	32.42	36.95	40.28	45.92
W1B17	46 - 60 kl per kl	42.11	48.01		
W1B18	>60kl per kl	56.14	64.00		

8.77%

9.67%

8.95%

4.55%

OVERSTRAND MUNICIPALITY

WATER 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
W1B19	Restriction Tariff (level 3 restrictions)				
W1B20	0 - 6 kl per kl	6.14	7.00	0.00	0.00
W1B21	7 - 18 kl per kl	16.22	18.49	14.91	17.00
W1B22	>18 kl per kl	70.18	80.00	50.35	57.40
W1C	CONSUMPTION - ALL OTHER				
W1C1	Normal Tariff				
W1C2	0 - 18 kl per kl	8.11	9.25	7.46	8.50
W1C3	19 - 30 kl per kl	13.16	15.00	12.00	13.68
W1C4	31 - 45 kl per kl	20.26	23.10	18.60	21.20
W1C5	46 - 60 kl per kl	26.32	30.00	25.18	28.70
W1C6	>60 kl per kl	35.09	40.00	extra step	extra step
W1C7	Restriction Tariff (level 1 restrictions)				
W1C8	0 - 18 kl per kl	10.54	12.02	9.69	11.05
W1C9	19 - 30 kl per kl	17.11	19.50	24.18	27.56
W1C10	31 - 45 kl per kl	26.34	30.03	25.18	28.70
W1C11	46 - 60 kl per kl	34.22	39.01		
W1C12	>60 kl per kl	45.62	52.00		
W1C13	Restriction Tariff (level 2 restrictions)				
W1C14	0 - 18 kl per kl	12.98	14.79	11.93	13.60
W1C15	19 - 30 kl per kl	21.06	23.99	29.75	33.92
W1C16	31 - 45 kl per kl	32.42	36.95	40.28	45.92
W1C17	46 - 60 kl per kl	42.11	48.01		
W1C18	>60 kl per kl	56.14	64.00		
W1C19	Restriction Tariff (level 3 restrictions)				
W1C20	0 - 10 kl per kl	16.22	18.49	14.91	17.00
W1C21	>10 kl per kl	70.18	80.00	50.35	57.40
W1D	OTHER CONSUMERS				
W1D1	Departmental per Kl	13.16	15.00	7.46	8.50
W1D2	Fire Hoses: Basic per Month	122.81	140.00	114.04	130.00
W1D3	Bulk usage (Unconnected to networks) per Kl	10.53	12.00	9.65	11.00
W1D4	Kid Brooke (Van Cauter 0 - 8000kl per year)	0.08	0.09	0.08	0.09
W1D5	Onrus Small Holdings tariff 2 (Van Cauter)	0.08	0.09	0.08	0.09
W1D6	Onrus Small Holdings tariff 4 (Per agreement)	0.99	1.13	0.99	1.13
W1D7	Contractors water consumption - temporary connection	13.16	15.00	7.46	8.50
W1E	WET COMMERCIAL, SPORT, PARKS etc (must apply for this tariff)				
W1E1	Normal Tariff				
W1E2	0 - 500kl per kl	13.16	15.00	11.23	12.80
W1E3	501 - 1000kl per kl	19.74	22.50	18.60	21.20
W1E4	>1000kl per kl	26.32	30.00	25.18	28.70

8.77%

8.95%

76.50%

7.69%

9.13%

0.00%

0.00%

0.00%

76.50%

17.21%

6.15%

4.55%

OVERSTRAND MUNICIPALITY

WATER 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
	Restriction Tariff (level 1 restrictions)				
W1E4	0 - 300kl per kl	17.11	19.50	14.60	16.64
W1E5	301 - 700kl per kl	25.66	29.25	24.18	27.56
W1E6	>700kl per kl	34.22	39.00	32.73	37.31
	Restriction Tariff (level 2 restrictions)				
W1E7	0 - 250kl per kl	21.06	24.00	17.96	20.48
W1E8	251 - 500kl per kl	31.58	36.00	29.75	33.92
W1E9	>500kl per kl	42.11	48.00	40.28	45.92
	Restriction Tariff (level 3 restrictions)				
W1E10	0 - 100kl per kl	26.32	30.00	22.46	25.60
W1E11	>100 kl per kl	52.64	60.00	50.35	57.40
	WET INDUSTRY (Marine etc. must apply for this tariff) (Average of 100kl per day over previous 365 days)				
W1F	Normal Tariff				
W1F1	0 - 5800kl per kl	13.16	15.00	9.39	10.70
W1F2	> 5800kl per kl	26.32	30.00	24.74	28.20
	Restriction Tariff (level 1 restrictions)				
W1F3	0 - 5800kl per kl	17.11	19.50	12.20	13.91
W1F4	> 5800kl per kl	34.22	39.00	32.16	36.33
	Restriction Tariff (level 2 restrictions)				
W1F5	0 - 5800kl per kl	21.06	24.00	15.02	17.12
W1F6	> 5800kl per kl	42.11	48.00	39.58	45.12
	Restriction Tariff (level 3 restrictions)				
W1F7	0 - 5 800kl per kl	26.32	30.00	18.77	21.40
W1F8	>5 800 kl per kl	52.64	60.00	49.47	56.40
	W2A AVAILABILITY CHARGES				
W2A1	Overstrand per month	96.49	110.00	92.98	106.00
W2A2	Farms connected to water pipe line	96.49	110.00	92.98	106.00
	W2J REBATES (This can be granted by the Municipal Manager after application) refer to Policy # 6.8.1				
W2J1	Kl above average - per kl	13.16	15.00	11.40	13.00
	W3A IRRIGATION WATER ("LEI WATER") & RAW WATER				
W3A1	Use and pump water (80-90 min) per annum Stanford	200.88	229.00	189.47	216.00
W3A2	Pearly Beach Small Holdings: Basic	35.97	41.00	33.33	38.00
W3A3	Pearly Beach Small Holdings: Consumption 0- 70 kl per kl	2.81	3.20	2.63	3.00
W3A4	Pearly Beach Small Holdings: Consumption >70 kl per kl	6.58	7.50	6.14	7.00
W3A5	Others	2.81	3.20	2.63	3.00
W3A6	Farm 1/722 Stanford as per agreement 1.75% of raw water abstraction from municipal boreholes, maximum 8760 kl/a	0.00	0.00	0.00	0.00

OVERSTRAND MUNICIPALITY

WATER 2013/14

Tariff Code	Detail	2013/2014		2012/2013	
		Exclude VAT	Include VAT	Exclude VAT	Include VAT
W3B	IRRIGATION WATER - (TREATED EFFLUENT)				
W3B2	Hermanus Golf Club per month	32 017.54	36 500.00	30 127.19	34 345.00
W3B3	All other per kl	1.75	2.00	1.58	1.80
W3B4	Schools, municipal sports grounds & project sport grounds as per agreement	no charge	no charge	no charge	no charge
W3B5	Curro Holdings - 250kl free per day as per deed of sale	1.75	2.00	1.58	1.80
W4	SUNDRY CHARGES				
W4A1	Testing of a Meter (Call-out Fee incl)(Conditionally refundable)	530.70	605.00	500.00	570.00
W4A2	Testing of a Meter (Ind/Bulk Meter)(Conditionally refundable)				
	*Minimum charge of R500				
W4A3	Disconnection	280.70	320.00	144.74	165.00
W4A4	Reconnection	280.70	320.00	144.74	165.00
W4A5	Reconnection After Normal Working Hours	561.40	640.00	289.47	330.00
W4A6	Administration fee - recalculation due to no meter access	109.65	125.00	100.88	115.00
W4A7	Verification of a Meter Reading	153.51	175.00	144.74	165.00
W4A8	Final and Special Readings	140.35	160.00	131.58	150.00
W4A9	Call-out Fee - Normal Working Hours	280.70	320.00	144.74	165.00
W4A10	Call-out Fee - After Hours	561.40	640.00	289.47	330.00
W4A11	Registration of Borehole (Including inspection fee)	210.53	240.00	197.37	225.00
W4A12	Repositioning of Meter (excl. pipe)	618.42	705.00	549.12	626.00
W4A13	Convert to Flow Restrictor Meter	2 013.16	2 295.00	1 315.79	1 500.00
W4A14	Temporary Connections - Deposit	5 300.00	no vat	5 000.00	no vat
W4A15	Temporary Connection - Usage per kl	9.65	11.00	8.77	10.00
W4A16	Damage of Water Meter	Actual cost plus 15%	Applicable vat	Actual cost plus 15%	Applicable vat
		Actual cost plus R2,120.00	Applicable vat	Actual cost plus R2,000.00	Applicable vat
W4A17	Damage of Watermain	Actual cost plus R530.00	Applicable vat	Actual cost plus R500.00	Applicable vat
W4A18	Damage of Service Connection (including water meter)				
W5	REMEDIAL ACTION FEE (TAMPERING)				
W5A1	1st Offence	4 700.00	no vat	4 665.00	no vat
W5A2	2nd Offence	Total disconnection/removal of connection		Total disconnection	
W6	CONNECTION FEE				
W6A1	20 mm Connection	1 929.83	2 200.00	1 785.09	2 035.00
W6A2	Other Connections	Actual cost plus 15%	Applicable vat	Actual cost plus 15%	Applicable vat
W6A3	Connections (Erf Boundary - by Developer)	894.74	1 020.00	836.84	954.00
W7	BULK SERVICES DEVELOPMENT FEES				
	Development Contributions will be determined as set out in the Annexure in respect of Development Contribution Policy				

6.27%

10.83%

10.83%

6.14%

93.94%

93.94%

93.94%

8.70%

6.06%

6.67%

93.94%

93.94%

6.67%

12.62%

53.00%

6.00%

10.01%

0.75%

8.11%

6.92%

OVERSTRAND MUNICIPALITY

ANNEXURE TO WATER TARIFFS

ALLOCATION OF RUE's TO CATEGORIES OF CONSUMERS – 2013/14

Clinics – Out patients	□ 1 RUE
Flats	□ 1 RUE per unit
Guest houses and B & B's	□ 1 RUE
Household related consumers that do not fall in one of the above household consumer categories	□ Upon application the Engineering & Financial Departments will assess the validity within the tariff's structural framework.
Old Age Homes, Hostels & Boarding School	□ 1 RUE per 7 Beds
Retirement Villages, Hospital & Hospice	□ 1 RUE per 1 housing unit □ 1 RUE per 4 Frail care units
Single Residential erven	□ 1 RUE
Townhouse and group developments	□ 1 RUE per unit

RUE = Residential Unit Equivalent

OVERSTRAND MUNICIPALITY

TARIFFS FOR RESORTS FOR THE 2013/14 FINANCIAL YEAR

Table Draft

All tariffs include Value Added Tax (VAT) – Where applicable

A deposit of 50% of the total amount payable is applicable to secure the booking. On cancellation of the booking, an admin fee of 15% will deducted from the deposit. On cancellation of the booking less than 14 days prior to the commencement of the holiday, the deposit **will not** be paid back.

PALMIET AND KLEINMOND CARAVAN PARKS				
SEASON	PERIOD	A Stands	B Stands	C Stands
		Per Day	Per Day	Per Day
High Season	1 December – 31 January & Easter Weekend	R300.00	R230.00	R210.00
Low Season	1 February – 30 November (Excluding Easter Weekend)	R165.00	R140.00	R130.00

- Plus: All stands with the availability of electricity = R30.00 per stand per day.
- The above tariffs include for up to four (4) persons and one vehicle with one trailer or caravan or small boat per day.
- Additional persons up to a maximum of two (2)* = R43.00 per person per day.
- Additional vehicle or small trailer or small boat to maximum of 2 units = R22.00 per unit per day.
- Day visitors for campers up to a maximum of four (4)* = R43.00 per person per day and R32.00 for a vehicle.
- (*) **Special arrangements must be made with the Camp Manager to allow day visitors**
- Children under two (2) years are free and children under twelve (12) years at half price.
- Pensioners, Caravan Clubs more than 10 caravans and Camper groups (not caravans) more than 20 campers (Pensioners to be defined as persons sixty (60) years and older)
 - ❖ may get a discount of 50% on the stands;
 - ❖ Qualify for a reduced tariff of R2,010.00 for a period of 30 days.
- Gate Card / Key Deposit R110.00 per set (refundable).
- Long Term rental R636.00 per month plus R145.00 per month for Electricity.

KLEINMOND : FRANK ROBB HUT	
Camping per person (max 10 persons) per day	R70.00

ONRUS CARAVAN PARK				
SEASON	PERIOD	A Stands	B Stands	C Stands
		Per Day	Per Day	Per Day
High Season	1 December – 31 January & Easter Weekend	R300.00	R230.00	R210.00
Low Season	1 February – 30 November (Excluding Easter Weekend)	R165.00	R140.00	R130.00

- Plus: All stands with the availability of electricity = R30.00 per stand per day.
- The above tariffs include for up to four (4) persons and 1 vehicle with one trailer or caravan or small boat per day.
- Additional persons up to a maximum of two (2)* = R43.00 per person per day.
- Additional vehicle or small trailer or small boat to maximum of two (2) units = R22.00 per unit per day.
- Children under two (2) years are free and children under twelve (12) years at half price.
- Daily Functions (pre-arrangement) = R110 per day
- Long Term Rental = R 10,500.00 pa **plus the following:**
 - Pergola with covering = R 85.00 pm (R1,020.00 pa)
 - Water tap = R 18.00 pm (R216.00 pa)
 - Structure for storing purposes = R 18.00 pm (R216.00 pa)
 - Permanent fireplace structure = R 18.00 pm (R216.00 pa)
 - Electricity per stand = R 62.00 pm (R744.00 pa)
- Low Season: Pensioners, Caravan Clubs more than 10 caravans and Camper groups (not caravans) more than 20 campers (Pensioners to be defined as persons sixty (60) years and older)
 - ❖ may get a discount of 50% on the stands;
 - ❖ qualify for a reduced tariff of R2,010.00 for a period of 30 days.
- Gate Card / Key Deposit R110.00 per set (refundable).

OVERSTRAND MUNICIPALITY
TARIFFS FOR RESORTS FOR THE 2013/14 FINANCIAL YEAR **Table Draft**

GANSBAAI CARAVAN PARK				
SEASON	PERIOD	A Stands	B Stands	C Stands
		Per Day	Per Day	Per Day
High Season	1 December – 31 January & Easter Weekend	R200.00	R165.00	R140.00
Low Season	1 February – 30 November (Excluding Easter Weekend)	R150.00	R140.00	R130.00
<ul style="list-style-type: none"> The above tariffs include for up to four (4) persons and one vehicle with one trailer or caravan or small boat. Additional persons up to a maximum of two (2)* = R43.00 per person per day. Additional vehicle or small trailer or small boat = R30.00 per unit per day. Day visitors for campers up to a maximum of four (4) = R32.00 per person per day. Children under two (2) years are free and children under twelve (12) years at half price. Long Term Rental = R 5,900.00 pa. Pensioners, Caravan Clubs more than 10 caravans and Camper groups (not caravans) more than 20 campers may get a discount of 50% on the stands. (Pensioners to be defined as persons sixty (60) years and older. 				

HAWSTON DAY CAMPING SITE		
ITEM	Low Season 01 February – 30 November (Excluding Easter Weekend)	High Season 01 December – 31 January & Easter Weekend
	Per Day	Per Day
Camping Sites	R 75.00	R 140.00
Picnic Fees : Per Vehicle (excluding buses > 20 seats) + persons	R 10.00	R 10.00
: Per Bus > 20 seats + persons	R 120.00	R 120.00
Adults (per person)	R 10.00	R 10.00
Children (per child < 12)	R 3.00	R 3.00
<ul style="list-style-type: none"> The above tariffs include for up to six 6 persons and 1 vehicle with one trailer or caravan or small boat. Additional vehicle or small trailer or small boat = R30.00 per unit per day. Events – partial or whole day camp site, per day or portion of the day = R400.00 per day. Events – community based – partial or whole day camp site, per day or portion of the day = R100.00. Pensioners, Caravan Clubs more than 10 caravans and Camper groups (not caravans) more than 20 campers may get a discount of 50% on the stands. (Pensioners to be defined as persons sixty (60) years and older), 		

NOTE:

All tariffs include Value Added Tax (VAT) – Where applicable

OVERSTRAND MUNICIPALITY
DEVELOPMENT CONTRIBUTION POLICY 2013/14
 (Attachment to the Tariff Schedule)

1. The developer will be responsible for the payment of development contributions in accordance with the relevant legislation and as determined by Council. The calculation methodology as listed below will generally be used as a guideline to determine the development contributions. The Council may deviate from this guideline in accordance with the relevant legislation particularly where large developments with significant impact on services are being processed. The developer may be required by the council to provide bulk services in lieu or in part of the payment of development contributions. The Council may revise the Development Contribution Policy at any stage.

2. Gap Housing: Municipal land made available by the Municipality for the purposes of housing specific with reference to the GAP market for households with an income between R 3501 – R 18 000 per month.
 - Gap Housing 50% of Standard

3. Government Subsidised Housing: Low Cost Housing Projects funded by the Department of Human Settlements.
 - Government Subsidised Housing 0% Development Contribution

4. High Density Units: High and Medium density Residential Developments for example flats, town houses, retirement units, etc.
 - High Density Units up to 2 bed rooms (R/Unit) 50% of Standard
 - High Density Units more than 2 bed rooms (R/Unit) 75% of Standard

5. Second Dwellings
 - No development contribution will be applicable as long as the normal standard water, electricity and sewerage connections for single units are used. If upgraded connections are required, the normal development contributions listed in paragraph 6 below will be applicable.

6. Tariffs

6.1 Water: Standard Fee per equivalent unit
 R21,910.00

6.2 Electricity:

E16	Second Dwelling	R	VAT EXCL	VAT INCL
E16A1	Sub Division of Existing Erf			
E16A1A	Single Phase 60 AMP (5 kVA) Domestic X Tariff E15A4 = P/ERF PLUS Standard Connection Fees	R	23,333.33	26,600.00
E16A2	New Developments			
E16A2A	Standard fee per Domestic erf – Infrastructure provide by Developer	R	9,921.05	11,310.00
E16A2B	Standard fee per Commercial erf – Infrastructure provide by Developer	R	30,149.12	34,370.00
E16A2C	MV/LV Bulk Supply with metering point cost / kVA= Tariff E15A2	R	2,614.04	2,980.00
E16A2D	LV Bulk Supply if capacity is available on existing TF cost / kVA = Tariff E15A3	R	3,714.91	4,235.00

OVERSTRAND MUNICIPALITY
DEVELOPMENT CONTRIBUTION POLICY 2013/14
 (Attachment to the Tariff Schedule)

- 6.3 Sewerage:
 ➤ SE5A Standard Fee per Equivalent Unit
 R17,585.00
- 6.4 Roads and Storm Water:
 ➤ RDST1 Standard Fee per Equivalent Unit R5,730.00
- 6.5 Off-Grid Development/Units:
 As per signed agreement as recommended by the
 Director: Infrastructure and Planning and approval by the Municipal Manager.

7. OFF-GRID DEVELOPMENT/UNITS:

As per signed agreement as recommended by the Director: Infrastructure and Planning and approval by the Municipal Manager.

8. All above prices **INCLUDES** Value Added Tax (V.A.T.)
9. The following evaluation/investigation levies are payable over and above the bulk service levies:

WATER & SANITATION LEVIES EVALUATION FOR DEVELOPMENT APPLICATIONS

No. of equivalent units	Cost per water service	Cost per Sanitation service
1 - 4	No Charge	No Charge
5 - 10	R 5,953.00	R 6,310.00
11 – 25	R 9,972.00	R 10,571.00
26 - 50	R 13,990.00	R 14,830.00
51 - 100	R 15,925.00	R 16,881.00
101 – 250	R 17,848.00	R 18,919.00
251 – 500	R 20,905.00	R 22,160.00
501 – 2000	R 23,481.00	R 24,890.00
2000 – 5000	R 28,140.00	R 29,829.00
> 5001	R 32,158.00	R 34,088.00

ANNEXURE C

OVERSTRAND MUNICIPALITY

MONTHLY BASKET OF TARIFFS - 2013/14

High Consumption with credit elect meter

Valuation R 3 500 000

Rates
Sewer **SE7A1+SE8A**
Infrastructure Basic Charge Water, Electricity & Sewer
Refuse **1X Per Week**
Electricity Credit Meter 1500 kWh
Water 50 kl
VAT
TOTAL
HPP if applicable

Year	Year	Increase/Decrease	
2012/13	2013/14	Amount	%
795.80	851.00	55.20	6.94
387.65	423.72	36.07	9.30
40.05	41.70	1.65	4.12
113.16	122.81	9.65	8.53
1 938.47	2 107.23	168.76	8.71
689.42	805.65	116.23	16.86
443.63	490.16	46.53	10.49
4 408.18	4 842.27	434.09	9.85
79.58	85.10	5.52	6.94

High Consumption with prepaid elect meter

Valuation R 3 500 000

Rates
Sewer **SE7A1+SE8A**
Infrastructure Basic Charge Water, Electricity Credit Meter & Sewer
Refuse **1X Per Week**
Electricity Prepaid Meter 1500 kWh
Water 50 kl
VAT
TOTAL
HPP if applicable

2012/13	2013/14	Amount	%
795.80	851.00	55.20	6.94
387.65	423.72	36.07	9.30
40.05	41.70	1.65	4.12
113.16	122.81	9.65	8.53
1 852.72	2 015.61	162.89	8.79
689.42	805.65	116.23	16.86
431.62	477.33	45.71	10.59
4 310.42	4 737.82	427.40	9.92
79.58	85.10	5.52	6.94

Medium Consumption with credit elect meter

Valuation R 2 500 000

Rates
Sewer **SE7A1+SE8A**
Infrastructure Basic Charge Water, Electricity & Sewer
Refuse **1X Per Week**
Electricity Credit Meter 800 kWh
Water 25 kl
VAT
TOTAL
HPP if applicable

2012/13	2013/14	Amount	%
565.13	604.33	39.20	6.94
234.18	254.85	20.67	8.83
40.05	41.70	1.65	4.12
113.16	122.81	9.65	8.53
1 008.38	1 093.42	85.04	8.43
257.42	304.35	46.93	18.23
231.45	254.40	22.95	9.92
2 449.76	2 675.86	226.09	9.23
56.51	60.43	3.92	6.94

Medium Consumption with prepaid elect meter

Valuation R 2 500 000

Rates
Sewer **SE7A1+SE8A**
Infrastructure Basic Charge Water, Electricity Credit Meter & Sewer
Refuse **1X Per Week**
Electricity Prepaid Meter 800 kWh
Water 25 kl
VAT
TOTAL
HPP if applicable

2012/13	2013/14	Amount	%
565.13	604.33	39.20	6.94
234.18	254.85	20.67	8.83
40.05	41.70	1.65	4.12
113.16	122.81	9.65	8.53
958.75	1 041.21	82.46	8.60
257.42	304.35	46.93	18.23
224.50	247.09	22.59	10.06
2 393.19	2 616.34	223.15	9.32
56.51	60.43	3.92	6.94

Low Consumption with credit meter

Valuation R 1 000 000

Rates
Sewer **SE7A1+SE8A**
Infrastructure Basic Charge Water, Electricity & Sewer
Refuse **1X Per Week**
Electricity Credit Meter 600 kWh
Water 15 kl
VAT
TOTAL
HPP if applicable

2012/13	2013/14	Amount	%
219.13	234.33	15.20	6.94
172.79	187.30	14.51	8.40
40.05	41.70	1.65	4.12
113.16	122.81	9.65	8.53
742.64	803.76	61.12	8.23
160.12	187.90	27.78	17.35
172.03	188.09	16.06	9.34
1 619.91	1 765.88	145.97	9.01
21.91	23.43	1.52	6.94

OVERSTRAND MUNICIPALITY

MONTHLY BASKET OF TARIFFS - 2013/14

Low Consumption with prepaid elect meter

Valuation	R 1 000 000
Rates	
Sewer	SE7A1+SE8A
Infrastructure Basic Charge Water, Electricity Credit Meter & Sewer	
Refuse	1X Per Week
Electricity Prepaid Meter	600 kWh
Water	15 kl
VAT	
TOTAL	
HPP if applicable	

2012/13	2013/14	Amount	%
219.13	234.33	15.20	6.94
172.79	187.30	14.51	8.40
40.05	41.70	1.65	4.12
113.16	122.81	9.65	8.53
703.33	762.81	59.48	8.46
160.12	187.90	27.78	17.35
166.52	182.35	15.83	9.51
1 575.10	1 719.20	144.10	9.15
21.91	23.43	1.52	6.94

Sub-Economic Consumption

Valuation	R 50 000
Rates	
Sewer	SE7A1
Infrastructure Basic Charge Water, Electricity & Sewer	
Refuse	1X Per Week
Electricity Prepaid Meter	350 kWh
Water	10 kl
VAT	
TOTAL	

2012/13	2013/14	Amount	%
0.00	0.00	0.00	0.00
22.71	27.02	4.31	18.98
40.05	41.70	1.65	4.12
0.00	0.00	0.00	0.00
278.39	286.76	8.37	3.00
29.84	32.44	2.60	8.71
51.94	54.31	2.37	4.56
422.93	442.22	19.29	4.56

Life-Line Consumption (ONE PART)

Valuation	R 50 000
Rates	
Sewer	SE7A1
Infrastructure Basic Charge Water, Electricity & Sewer	
Refuse	1X Per Week
Electricity Pre-paid	300 kWh
Water	8 kl
VAT	
TOTAL	

2012/13	2013/14	Amount	%
0.00	0.00	0.00	0.00
11.35	13.51	2.16	19.03
40.05	41.70	1.65	4.12
0.00	0.00	0.00	0.00
238.62	245.79	7.17	3.00
14.92	16.22	1.30	8.71
42.69	44.41	1.72	4.03
347.63	361.63	14.00	4.03

Conservancy Tanks

If tariff SE7 is not applicable

Smaller than 6kl	
Greater than 6kl	
Outside urban area Plus	per km
Plus	Per hour
After hours	
Smaller than 6kl	
Greater than 6kl	

2012/13	2013/14	Amount	%
372.81	395.61	22.80	6.12
372.81	395.61	22.80	6.12
9.65	11.40	1.75	18.13
221.93	236.84	14.91	6.72
745.61	791.23	45.62	6.12
745.61	791.23	45.62	6.12

Sub-Economic Consumption

Valuation	R 50 000
Rates	
Sewer	SE7A1
Infrastructure Basic Charge Water, Electricity & Sewer	
Refuse	1X Per Week
Electricity Prepaid Meter	150 kWh
Water	6 kl
VAT	
TOTAL	

2012/13	2013/14	Amount	%
0.00	0.00	0.00	0.00
36.83	40.53	3.70	10.03
40.05	41.70	1.65	4.12
0.00	0.00	0.00	0.00
119.31	122.90	3.59	3.00
0.00	0.00	0.00	0.00
27.47	28.72	1.25	4.55
223.66	233.84	10.18	4.55

OVERSTRAND MUNICIPALITY

MONTHLY BASKET OF TARIFFS - 2013/14

Bussiness - Large (kVA)

Valuation	R 35 000 000
Rates	
Sewer	SE7D1+SE8A 30
Infrastructure Basic Charge Water, Electricity & Sewer	
Refuse	Bins 2X Per Week 30
Electricity Credit Meter	125000 kWh + 290kVA
Water	460 kl
VAT	
TOTAL	
HPP if applicable	

2012/13	2013/14	Amount	%
14 991.67	16 508.33	1 516.67	10.12
6 051.78	6 574.20	522.42	8.63
40.05	41.70	1.65	4.12
6 789.60	7 368.60	579.00	8.53
109 577.90	121 408.79	11 830.89	10.80
10 946.78	15 135.09	4 188.31	38.26
17 175.78	21 073.97	3 898.20	22.70
165 573.55	188 110.69	22 537.13	13.61
1 499.17	1 650.83	151.67	10.12

Bussiness - Medium (Three Phase)

Valuation	R 3 200 000
Rates	
Sewer	SE7D1+SE8A 1
Infrastructure Basic Charge Water, Electricity & Sewer	
Refuse	1X Per Week 3
Electricity Credit Meter	7000 kWh
Water	40 kl
VAT	
TOTAL	
HPP if applicable	

2012/13	2013/14	Amount	%
1 370.67	1 509.33	138.67	10.12
396.42	433.37	36.95	9.32
40.05	41.70	1.65	4.12
339.48	368.43	28.95	8.53
8 250.99	9 003.67	752.68	9.12
502.78	602.99	100.21	19.93
1 334.16	1 463.02	128.86	9.66
12 234.55	13 422.52	1 187.97	9.71
137.07	150.93	13.87	10.12

Bussiness - Small (Three Phase)

Valuation	R 3 200 000
Rates	
Sewer	SE7D1+SE8A 1
Infrastructure Basic Charge Water, Electricity & Sewer	
Refuse	1X Per Week 2
Electricity Credit Meter	4000 kWh
Water	40 kl
VAT	
TOTAL	
HPP if applicable	

2012/13	2013/14	Amount	%
1 370.67	1 509.33	138.67	10.12
396.42	433.37	36.95	9.32
40.05	41.70	1.65	4.12
226.32	245.62	19.30	8.53
4 850.19	5 310.37	460.18	9.49
502.78	602.99	100.21	19.93
842.21	928.77	86.56	10.28
8 228.63	9 072.15	843.52	10.25
137.07	150.93	13.87	10.12

Bussiness - Small (Three Phase)

Valuation	R 3 200 000
Rates	
Sewer	SE7D1+SE8A 1
Infrastructure Basic Charge Water, Electricity & Sewer	
Refuse	1X Per Week 2
Electricity Credit Meter	1000 kWh
Water	40 kl
VAT	
TOTAL	
HPP if applicable	

2012/13	2013/14	Amount	%
1 370.67	1 509.33	138.67	10.12
396.42	433.37	36.95	9.32
40.05	41.70	1.65	4.12
113.16	245.62	132.46	117.06
1 449.39	1 617.07	167.68	11.57
502.78	602.99	100.21	19.93
350.25	411.71	61.45	17.55
4 222.72	4 861.79	639.07	15.13
137.07	150.93	13.87	10.12

OVERSTRAND MUNICIPALITY

MONTHLY BASKET OF TARIFFS - 2013/14

VACANT ERVEN

Valuation High

			2012/13	2013/14	Amount	%
	Valuation	R 780 000				
Rates			220.58	360.83	140.25	63.58
Sewer can connect	Availability		122.81	130.70	7.89	6.42
Refuse	Availability		55.26	61.40	6.14	11.11
Electricity	Availability		157.89	192.98	35.09	22.22
Water	Availability		92.98	96.49	3.51	3.78
Infrastructure Basic Charge Water, Electricity & Sewer			40.05	41.70	1.65	4.12
VAT			65.66	73.26	7.60	11.57
TOTAL			755.23	957.35	202.13	26.76
HPP if applicable			22.06	36.08	14.03	63.58

Valuation Average

			2012/13	2013/14	Amount	%
	Valuation	R 250 000				
Rates			67.76	110.84	43.08	63.58
Sewer can connect	Availability		122.81	130.70	7.89	6.42
Refuse	Availability		55.26	61.40	6.14	11.11
Electricity	Availability		157.89	192.98	35.09	22.22
Water	Availability		92.98	96.49	3.51	3.78
Infrastructure Basic Charge Water, Electricity & Sewer			40.05	41.70	1.65	4.12
VAT			65.66	73.26	7.60	11.57
TOTAL			602.41	707.37	104.96	17.42
HPP if applicable			6.78	11.08	4.31	63.58

Valuation Lower

			2012/13	2013/14	Amount	%
	Valuation	R 110 000				
Rates			27.39	44.81	17.42	63.58
Sewer can connect	Availability		122.81	130.70	7.89	6.42
Refuse	Availability		55.26	61.40	6.14	11.11
Electricity	Availability		157.89	192.98	35.09	22.22
Water	Availability		92.98	96.49	3.51	3.78
Infrastructure Basic Charge Water, Electricity & Sewer			40.05	41.70	1.65	4.12
VAT			65.66	73.26	7.60	11.57
TOTAL			562.04	641.34	79.29	14.11

Valuation Low

			2012/13	2013/14	Amount	%
	Valuation	R 15 000				
Rates			0.00	0.00	0.00	0.00
Sewer can connect	Availability		122.81	130.70	7.89	6.42
Refuse	Availability		55.26	61.40	6.14	11.11
Electricity	Availability		157.89	192.98	35.09	22.22
Water	Availability		92.98	96.49	3.51	3.78
Infrastructure Basic Charge Water, Electricity & Sewer			40.05	41.70	1.65	4.12
VAT			65.66	73.26	7.60	11.57
TOTAL			534.65	596.53	61.88	11.57

ANNEXURE D

DRAFT CAPITAL BUDGET 2013-2016 MTREF

Area	Local Area	Ward	Project Description	Project Manager	Funding Source	2013/14 BUDGET			2014/15 BUDGET			2015/16 BUDGET		
						COUNCIL FUNDED	EXTERNAL (GRANTS)	TOTAL	COUNCIL FUNDED	EXTERNAL (GRANTS)	TOTAL	COUNCIL FUNDED	EXTERNAL (GRANTS)	TOTAL
Overstrand	Overstrand		300 - INFORMATION & COMMUNICATION	TECHNOLOGY		839 000	600 000	1 439 000	668 700	0	668 700	702 135	0	702 135
Overstrand	Overstrand		Intangible assets - Microsoft licenses		Surplus	839 000	600 000	839 000	668 700		668 700	702 135		702 135
Overstrand	Overstrand		Time and attendance system		J Van Asperen FMG Gr.		600 000	600 000						
Kleinmond	Kleinmond		500 - SPORT & RECREATION			0	4 102 946	4 102 946	0	6 620 039	6 620 039	0	5 269 182	5 269 182
Kleinmond	Kleinmond	Ward 09	Overhills:Kleinmond Soccer Field		MIG		4 102 946	4 102 946		6 620 039	6 620 039		4 069 182	4 069 182
Hermanus	Zwellihle	Ward 06	Zwellihle -Community Soccerfield		MIG								1 000 000	1 000 000
Kleinmond	Kleinmond	Ward 09	Floodlights		MIG								200 000	200 000
Gansbaai	Gansbaai	Ward 02	700 - HOUSING			0	5 689 000	5 689 000	0	0	0	0	0	0
Gansbaai	Gansbaai	Ward 02	Gansbaai project- 155 SITES		PROV-H		4 200 000	4 200 000						
Gansbaai	Masakhane	Ward 01	Masakhane project-126 SITES		PROV-H		126 000	126 000						
Gansbaai	Blompark	Ward 02	Blompark - 450 SITES		PROV-H		450 000	450 000						
Gansbaai	Beverly Hills	Ward 02	Beverly Hills project-190 SITES		PROV-H		190 000	190 000						
Hermanus	Hermanus	Ward 03	Hermanus Swartdamweg Institutional -320 SITE		PROV-H		320 000	320 000						
Hermanus	Hermanus	Ward 03	Hermanus Swartdamweg -146 SITES		PROV-H		146 000	146 000						
Hermanus	Zwellihle	Ward 06	Zwellihle Garden site -77 SITES		PROV-H		77 000	77 000						
Hermanus	Zwellihle	Ward 06	Zwellihle Mandela Square -180 SITES		PROV-H		180 000	180 000						
Hermanus	Hermanus		1000 - ROADS			3 133 000	11 066 541	14 199 541	0	13 155 329	13 155 329	0	1 719 270	1 719 270
Hermanus	Hermanus	Ward 03	Hermanus parallel road		SURPLUS		3 424 914	6 557 914						
Hermanus	Hermanus	Ward 03	Hermanus parallel road(Cycling& pedestrian ways)		PROV-MS		2 482 000	2 482 000					1 719 270	1 719 270
Hermanus	Hawston	Ward 08	Hawston: Upgrade roads		MIG		5 159 627	5 159 627		6 675 528	6 675 528			
Hermanus	Mount Pleasant	Ward 04	Rehabilitate Roads & upgrade stormwater		MIG					6 479 801	6 479 801			
Hermanus	Zwellihle	Ward 06	Upgrade roads		MIG									
Hermanus	Hermanus		1200 - ELECTRICITY			33 111 348	7 083 088	40 194 436	15 000 000	3 000 000	18 000 000	16 500 000	2 000 000	18 500 000
Hermanus	Hermanus	Ward 03	New 66kVA S/S		EL2C	14 261 348		14 261 348						
Kleinmond	Kleinmond	Ward 09	Kleinmond: Replace Main Substation Switchgear		EL1-R/OVE	4 300 000		4 300 000						
Hermanus	Hermanus	Ward 03	Hermanus: LV Upgrade/Replacement		EL5/6				2 100 000		2 100 000	6 000 000		6 000 000
Stanford	Stanford	Ward 11	Stanford: MV and LV upgrading in Industrial area		EL4	1 800 000		1 800 000						
Gansbaai	Kleinbaai	Ward 01	Kleinbaai: New MV feeder from Apie Le Roux to Beest		EL6				500 000		500 000	1 400 000		1 400 000
Kleinmond	Kleinmond	Ward 09	Kleinmond: MV Network Upgrading		EL5/6	2 500 000		2 500 000				500 000		500 000
Gansbaai	Franskraal	Ward 01	Apie Le Roux -Franskraal upgrade		EL4	850 000		850 000						
Gansbaai	Franskraal	Ward 01	FK Upgrading of LV network Meyersstreet		EL4	1 150 000		1 150 000						
Gansbaai	Gansbaai	Ward 02	Gansbaai: Miniature substation upgrading		EL4/5	950 000		950 000						
Gansbaai	Blompark	Ward 02	BP Upgrading of Low voltage network		EL4	3 000 000		3 000 000						
Hermanus	Hermanus	Ward 03	Upgrade Kwaaiwater Feeder Cables		EL4	1 000 000		1 000 000						
Hermanus	Hermanus	Ward 03	Main Road Overhead line replacement and streetlight		EL4	3 200 000		3 200 000						
Hermanus	Hawston	Ward 08	Hawston S/S Upgrade		EL4	100 000		100 000						
Kleinmond	Kleinmond	Ward 09	Streetslights		EL4				1 000 000		1 000 000	1 200 000		1 200 000
Gansbaai	Franskraal	Ward 01	Miniature substation upgrading in Franskraal		EL5/6				1 400 000		1 400 000			
Gansbaai	Franskraal	Ward 01	New MV feeder from Apie Le Roux to Steenbok Street		EL5				2 500 000		2 500 000			
Gansbaai	Franskraal	Ward 02	Apie Le Roux switchgear upgrading		EL5				1 400 000		1 400 000			
Gansbaai	Blompark	Ward 02	Blompark: Low Voltage upgrading in Roos Street		EL5/6				500 000		500 000			
Hermanus	Sandbaai	Ward 07	Sandbaai: LV Upgrade/Replacement		EL5				1 000 000		1 000 000			
Hermanus	Sandbaai	Ward 07	Sandbaai: MV Upgrade/Replacement		EL5				1 000 000		1 000 000			
Hermanus	Hawston	Ward 08	Hawston: LV Upgrade/Replacement		EL5/6				2 000 000		2 000 000			
Kleinmond	Kleinmond	Ward 09	Kleinmond: LV Network Upgrading		EL5/6				600 000		600 000			
Stanford	Stanford	Ward 11	New 70mm2 MV cable in Langmark Street		EL5									
Gansbaai	Gansbaai	Ward 02	Gansbaai Main SS Replace Oil Breakers		EL6									
Stanford	Stanford	Ward 11	Stanford 11kV Network Upgrade Dreyer Str		EL6									
Hermanus	Zwellihle	Ward 06	Zwellihle Electrification -Part 1 (INEG)		INEG	3 000 000		3 000 000		3 000 000	3 000 000			
Gansbaai	Eluxolweni	Ward 11	Eluxolweni Electrification (INEG)		INEG	3 000 000		3 000 000						
Gansbaai	Eluxolweni	Ward 11	Eluxolweni Housing electrification		Solar rebate	1 083 088		1 083 088						
Gansbaai	Masakhane	Ward 01	Masakhane Electrification (INEG)		INEG							2 000 000		2 000 000

DRAFT CAPITAL BUDGET 2013-2016 MTREF

FUNDING:
EXTERNAL LOAN 4 (GENERAL CAPITAL)
EXTERNAL LOAN 2C (R/F ELECTRICITY)
EXTERNAL LOAN 1 (ROLL OVER)
SURPLUS CASH
MIG
INEP
PROV. HOUSING
PROV. MOBILITY STRATEGY
PROV. LIB GRANT
FMG GRANT
SOLAR REBATE

2013/2014 - R 450 000 WARD PROJECTS

Town	Local Area	Ward	Project Description	TOTAL
Gansbaai	Kleinbaai	1	Contribution - Irrigation of Gansbaai Golf Club	150 000
Gansbaai	Kleinbaai	1	Upgrading of sidewalks	20 000
Gansbaai	Masakhane	1	Tarring of roads	200 000
Gansbaai	Masakhane	1	Build drainage areas around standpipe & toilets	50 000
Gansbaai	Masakhane	1	Beautification of entrance	30 000
				450 000
Gansbaai	De Kelders	2	Widening of Park Street	50 000
Gansbaai	De Kelders	2	Wooden stairs to hiking trail on cnr Waterkant- & Boundary Street	30 000
Gansbaai	Gansbaai	2	Benches at new playground in Riet Street	20 000
Gansbaai	Gansbaai	2	Investigation into local economic development (vision for GB)	50 000
Gansbaai	Gansbaai All	2	Contribution to Gansbaai Golf Club irrigation	150 000
Gansbaai	Gansbaai All	2	Street furniture (Tourism)	30 000
Gansbaai	Blompark	2	Speed bumps in Madeliefie- & Sonneblom Street	30 000
Gansbaai	Blompark	2	Kerbing from Roos- to Vooltjie Street	70 000
Gansbaai	Beverley Hills	2	Playpark Equipment	20 000
				450 000
Hermanus	Hermanus	3	Cliff Path management(Gearings Point to Windsor Hotel)	70 000
Hermanus	Hermanus	3	Sidewalks	80 000
Hermanus	Hermanus	3	Mandela Day	10 000
Hermanus	Hermanus	3	Bus shelter for schools and taxi pick up point in Main Road	40 000
Hermanus	Hermanus	3	Planting of trees CBD	90 000
Hermanus	Hermanus	3	Hermanus History Society - Infrastructure	30 000
Hermanus	Hermanus	3	Bus Drop off Zone	40 000
Hermanus	Hermanus	3	Swallow Park	70 000
Hermanus	Hermanus	3	Hoys Koppie Cave Area	20 000
				450 000
Hermanus	Westcliff	4	Church street sidewalk	90 000
Hermanus	Mt Pleasant	4	Beautification of the entrance to Mt Pleasant	60 000
Hermanus	Mt Pleasant	4	Completion of Moffatt Hall Upgrading(stage,sound equip,industr stove,crockery&cutlery)	300 000
				450 000
Hermanus	Kwasa Kwasa	5	Tarring of the two remaining streets in Kwasa-kwasa	300 000
Hermanus	Kwasa Kwasa	5	Building of a service road (Chris Hani street)	150 000
				450 000
Hermanus	Zwelihle	6	Cleaning & closing of open trench (Sazona Street)	150 000
Hermanus	Zwelihle	6	Storm water (Lillian Ngoyi Street)	150 000
Hermanus	Masakeni	6	Installing storm water pipes (trench – Kamana Street)	150 000
				450 000
Hermanus	Sandbaai	7	Straatligte	75 000
Hermanus	Sandbaai	7	Teer van strate	350 000
Hermanus	Sandbaai	7	Coastal Path	25 000
				450 000
Hermanus	Hawston	8	Hawston Sport Grounds	225 000
Hermanus	Fisherhaven	8	Upgrade of slipway/recreational area	25 000
Hermanus	Fisherhaven	8	Sidewalk: Broadway between two access/exits to The Crescent	90 000

2013/2014 - R 450 000 WARD PROJECTS

Town	Local Area	Ward	Project Description	TOTAL
Hermanus	Fisherhaven	8	Speed Calmer: Intersection Lagoon Road & Keurbroom Road	70 000
Hermanus	Fisherhaven	8	Lagoon Road Kerbing: Complete kerbing between Broadway & Riverside Drive	40 000
				450 000
Kleinmond	Kleinmond	9	Brick paved footpath from Heuningkloof to Kleinmond CBD	50 000
Kleinmond	Kleinmond	9	Pedestrian sidewalk for school children - Kalkoentjie & Afrikaner Street	80 000
Kleinmond	Kleinmond	9	Extension of paved parking area - Kleinmond day camp	125 000
Kleinmond	Kleinmond	9	Speedhumps - Proteadorp	15 000
Kleinmond	Kleinmond	9	Beach Rd. Sidewalk phase 2	125 000
Kleinmond	Kleinmond	9	Paving of sidewalk (extension) - Corner of Main Rd & Botriver Rd	55 000
				450 000
Kleinmond	Kleinmond	10	Traffic Calming Mountain View - Installation of speed humps/rumble strips at Lavender, Aloe, Luntu and Kuyasa	30 000
Kleinmond	Kleinmond	10	Play parks (new and existing) - Mountain View, Proteadorp, Overhills	90 000
Pringle Bay & Ro Pringle Bay		10	Garage for fire vehicle - Pringle Bay	180 000
Betty's Bay	Betty's Bay	10	Upgrading / maintenance of Crassula Hall - Betty's Bay	60 000
Betty's Bay	Betty's Bay	10	Upgrading/maintenance of Moolitsig Community Hall	80 000
Betty's Bay	Moolitsig	10	Bus Shelter	10 000
				450 000
Gansbaai	Gansbaai All	11	Contribution - Irrigation of Franskraal Bowling Club	80 000
Gansbaai	Pearly Beach	11	Development of village green Erf 629 - Phase II	50 000
Gansbaai	Eluxolweni	11	Soccer posts	20 000
Gansbaai	Eluxolweni	11	Kitchen equipment for Community Hall	30 000
Stanford	B-bos	11	Upgrade & development of lewater system	20 000
Stanford	Stanford	11	Pavement in Dreyer Street	125 000
Stanford	Stanford	11	Birdhive (Municipal property) Willem Appel Dam	50 000
Stanford	Stanford	11	Market square upgrade	75 000
				450 000
Hermanus	Zwelihle	12	Storm water	70 000
Hermanus	Zwelihle	12	Completion of the berm	150 000
Hermanus	Zwelihle	12	Sidewalks	15 000
Hermanus	Zwelihle	12	High mast light (Mandela street)	215 000
				450 000
Hermanus	Onrus/Vermont	13	Fence & Gates at the Saltpan	80 000
Hermanus	Onrus/Vermont	13	Extension & Maintenance of the Coastal Path	100 000
Hermanus	Onrus/Vermont	13	Beach Ablution block	40 000
Hermanus	Onrus/Vermont	13	Lynx Avenue	50 000
Hermanus	Onrus/Vermont	13	De Wet Hall changing facilities	80 000
Hermanus	Onrus/Vermont	13	Van Blommestein sidewalk	80 000
Hermanus	Onrus/Vermont	13	Street lights (6 lights)	20 000
				450 000
GRAND TOTAL				5 850 000

CAPITAL BUDGET 2011/2012 (PROJECTS DELAYED TO FUTURE YEARS)

Area	Local Area	Ward	Project Description	Project Manager	Funding	COUNCIL FUNDED	VOTE	MOVE TO 2013/2014	CHANGE TO 2011/2012	COMPLETED 2013/2014	ORIGINAL TOTAL
300 - INFORMATION & COMMUNICATION TECHNOLOGY											
Overstrand	Overstrand		UPGRADE OF TWO WAY RADIO NETWORK TO A DIGIT E Muller		LS	1 500 000					
						1 500 000	5 01 0502 501 1				
300 - PROPERTY SERVICES											
Hermanus	Hermanus	Ward 03	SANTA / RED CROSS PARKING	P Burger	LS	0	5 01 0502 508 1				400 000
						0					
400 - COMMUNITY BUILDINGS											
Gansbaai	Masakhane	Ward 01	EXTENSION OF COMMUNITY HALL	F Myburgh	LS	400 000	5 01 0502 511 1				
						400 000					
500 - SPORT & RECREATION											
Gansbaai	Kleinbaai	Ward 01	BOARDWALK - KLENBAAI SLIPWAY	F Myburgh	LS	1 125 000	5 01 0502 513 1				
Hermanus	Mount Pleasant	Ward 04	SPORTSGROUND - MOUNT PLEASANT	P Burger	LS	500 000	5 01 0502 515 1				
Hermanus	Haverton	Ward 08	HAWSTON SPORTSGROUND - UPGRADE NETBALL C/P	P Burger	LS	125 000	5 01 0502 516 1				
Hermanus	Zwelihle	Ward 05	SPORTSGROUND - ZWELIHLE	P Burger	LS	0	5 01 0502 517 1				250 000
Hermanus	Haverton	Ward 08	HAWSTON SPORTSGROUND - UPGRADE RUGBY FIELD	P Burger	LS	0	5 01 0502 518 1				375 000
600 - PUBLIC SAFETY											
Overstrand	Overstrand		MUNICIPAL COURT	N Michaels	LS	600 000	5 01 0502 520 1				
						600 000					
900 - LOCAL ECONOMIC DEVELOPMENT											
Overstrand	Overstrand		LOCAL ECONOMIC DEVELOPMENT PROJECTS	S Madikane	LS	1 500 000	5 01 0502 210 1				
						1 500 000					
1000 - ROADS											
Hermanus	Hermanus	Ward 03	HERMANUS PARALLEL ROAD	D Hendicks	LS	300 000	5 01 0502 413 1				4 500 000
Gansbaai	Gansbaai	Ward 02	TARRING OF STREETS	D Craford	LS	0	5 01 0502 525 1				750 000
Gansbaai	De Kelders	Ward 02	TARRING OF STREETS	D Craford	LS	0	5 01 0502 526 1				750 000
Hermanus	Voelklip	Ward 03	KERB CHANNELLING & PAVEMENTS (VOELKLIP)	P Burger	LS	0	5 01 0502 527 1				300 000
Hermanus	Hermanus	Ward 03	SEDEWALKS - REVITALISATION OF CBD	P Burger	LS	0	5 01 0502 528 1				250 000
Hermanus	Hermanus	Ward 03	WESTDENE TARRING	P Burger	LS	0	5 01 0502 529 1				100 000
Hermanus	Mount Pleasant	Ward 04	SEDEWALKS	P Burger	LS	0	5 01 0502 530 1				200 000
Hermanus	Zwelihle	Ward 05	WALDORF - TAMBO SQUARE	P Burger	LS	0	5 01 0502 531 1				300 000
Hermanus	Zwelihle	Ward 06	SEDEWALK - RAISED CROSSING	P Burger	LS	0	5 01 0502 532 1				190 000
Hermanus	Sandbaai	Ward 07	SANDBAAI TARRING	P Burger	LS	0	5 01 0502 533 1				1 000 000
Hermanus	Haverton	Ward 08	TARRING STORM WATER - MOUNTAIN VIEW AVENUE	P Burger	LS	0	5 01 0502 534 1				570 000
Hermanus	Haverton	Ward 08	TARRING SIDEWALKS - KERK STREET	P Burger	LS	0	5 01 0502 535 1				350 000
Hermanus	Fishervale	Ward 08	TARRING SIDEWALKS	P Burger	LS	0	5 01 0502 537 1				250 000
Kleinmond	Pingile Bay	Ward 10	TARRING OF ROADS - PROBLEMATIC STORM WATER	C Harding	LS	0	5 01 0502 538 1				250 000
Hermanus	Pingile Bay	Ward 13	WALKWAY EXTENSION - HANGKLIP RD TOWARDS R4	C Harding	LS	0	5 01 0502 539 1				250 000
Hermanus	Ormus	Ward 13	ATLANTIC AVENUE GABIONS	P Burger	LS	300 000	5 01 0502 540 1				350 000
Pingile Bay	Pingile Bay	Ward 06	EXTENSION OF PAVED PARKING - COMMUNITY HALL	C Jonkhed	LS	0	5 01 0502 541 1				400 000
Hermanus	Vermont	Ward 06	PAVEMENT & REPLACEMENT STORM WATER CHANNEL	P Burger	LS	0	5 01 0502 542 1				400 000
Hermanus	Fishervale	Ward 08	TARRING OF ROADS - BOUNDARY ROAD	P Burger	LS	0	5 01 0502 543 1				500 000
Kleinmond	Kleinmond	Ward 09	UPGRADING REPLACEMENT OF PEDESTRIAN BRIDGE	C Harding	LS	0	5 01 0502 544 1				500 000
1200 - ELECTRICITY											
Hermanus	Hermanus	Ward 03	SWARTDAM RD. ELECTRIFICATION - HOUSING PROJECT	K d Plessis	LS	0	5 01 0502 549 1				3 000 000
Hermanus	Hermanus	Ward 03	66KV SUB STATION	K d Plessis	LS	0	5 01 0502 549 1				3 000 000
1300 - WATER											
Overstrand	Overstrand		FRE HYDRANTS	R Jacobs	LS	0	5 01 0502 559 1				100 000
						0					
1400 - STORM WATER											
Gansbaai	Masakhane	Ward 01	IMPLEMENTATION OF STORM WATER MASTER PLAN	D Hendicks	LS	0	5 01 0502 569 1				1 000 000
Kleinmond	Betty's Bay	Ward 10	BETTY'S BAY SWATER/OTTER CLOSE	C Harding	LS	0	5 01 0502 465 1				763 500
Hermanus	Hermanus	Ward 03	STORM WATER AT HIGH SCHOOL	P Burger	LS	0	5 01 0502 573 1				100 000
Hermanus	Hermanus	Ward 03	EASTCLIFF - MOSSELRIEVE 57, STORM WATER	P Burger	LS	0	5 01 0502 574 1				60 000
Hermanus	Zwelihle	Ward 06	STORM WATER - ZWELIHLE	P Burger	LS	0	5 01 0502 575 1				500 000
Hermanus	Sandbaai	Ward 07	STORM WATER - LONG STREET	P Burger	LS	0	5 01 0502 576 1				800 000
Hermanus	Haverton	Ward 08	DUKE ROAD 17A - STORM WATER	P Burger	LS	0	5 01 0502 580 1				40 000
1500- WASTE MANAGEMENT											
Hermanus	Hermanus	Ward 03	HERMANUS MRF CONCRETE SLAB	J van Taak	LS	0	5 01 0502 584 1				900 000
Hermanus	Hermanus	Ward 03	HERMANUS TRANSFER STATION STAFF FACILITIES	J van Taak	LS	0	5 01 0502 585 1				600 000
Kleinmond	Betty's Bay	Ward 10	BETTY'S BAY DROP OFF OFFICE	J van Taak	LS	0	5 01 0502 586 1				150 000
GRAND TOTAL								23 508 500	690 000	26 623 500	

2012/2013 BUDGET

2013/2014 BUDGET

2011/2012 BUDGET

ANNEXURE E



Municipal Budget Circular for the 2013/14 MTREF

This circular provides further guidance to municipalities and municipal entities for the preparation of their 2013/14 Budgets and Medium Term Revenue and Expenditure Framework (MTREF). It must be read together with MFMA Circulars No. 48, 51, 54, 55, 58 and 59.

CONTENTS

KEY FOCUS AREAS FOR THE 2013/14 BUDGET PROCESS	2
NATIONAL PRIORITY – EXPANDING PUBLIC SECTOR INVESTMENT IN INFRASTRUCTURE	2
IMAGE OF LOCAL GOVERNMENT	3
PROCUREMENT REFORMS AND FIGHTING CORRUPTION	3
TAKING THE 2011 LOCAL GOVERNMENT BUDGETS AND EXPENDITURE REVIEW FORWARD	4
LOCAL GOVERNMENT EQUITABLE SHARE FORMULA REVIEW AND 2011 CENSUS.....	6
LOCAL GOVERNMENT CONDITIONAL GRANTS AND ADDITIONAL ALLOCATIONS TO LOCAL GOVERNMENT.....	7
COUNCIL OVERSIGHT OVER THE BUDGET PROCESS.....	8
REGULATION OF A 'STANDARD CHART OF ACCOUNTS' (SCOA) FOR LOCAL GOVERNMENT.....	8
FINANCIAL APPLICATIONS (SYSTEMS) AND THE IMPACT OF SCOA.....	10
MANAGEMENT ACCOUNTING AND TARIFF SETTING.....	10
MUNICIPAL BUDGET AND BENCHMARK ENGAGEMENTS AND TIMEFRAMES FOR TABLING MTREF'S.....	11
HEADLINE INFLATION FORECASTS.....	12
REVISING RATES, TARIFFS AND OTHER CHARGES	12
NERSA'S PROCESS TO APPROVE ELECTRICITY TARIFFS	12
ESKOM BULK TARIFF INCREASES.....	14
INCLINING BLOCK TARIFFS (IBT) FOR ELECTRICITY	14
WATER AND SANITATION TARIFFS MUST BE COST-REFLECTIVE.....	15
SOLID WASTE TARIFFS	15
FUNDING CHOICES AND MANAGEMENT ISSUES	15
EMPLOYEE RELATED COSTS	16
DEBT IMPAIRMENT, DEPRECIATION, AND OTHER NON-CASH EXPENDITURE ITEMS	17
RENEWAL AND REPAIRS AND MAINTENANCE OF EXISTING ASSETS	17
ELIMINATING NON-PRIORITY SPENDING	18
BUDGET MANAGEMENT ISSUES DEALT WITH IN PREVIOUS MFMA CIRCULARS	19
CONDITIONAL TRANSFERS TO MUNICIPALITIES	20
CONDITIONAL GRANT ISSUES DEALT WITH IN PREVIOUS MFMA CIRCULARS	21
THE MUNICIPAL BUDGET AND REPORTING REGULATIONS	21
ALL MUNICIPALITIES MUST PREPARE BUDGETS IN ACCORDANCE WITH THE REGULATIONS	22
ASSISTANCE WITH THE COMPILATION OF BUDGETS	22
END TO THE PHASING IN OF FORMATS AND TABLES	23
CONSOLIDATED BUDGETS AND REPORTS FOR MUNICIPALITIES WITH ENTITIES.....	23
COMPLETION OF SERVICE DELIVERY INFORMATION ON TABLE A10	23
MBRR ISSUES DEALT WITH IN PREVIOUS MFMA CIRCULARS	24
BUDGET PROCESS AND SUBMISSIONS FOR THE 2013/14 MTREF	24
SUBMITTING BUDGET DOCUMENTATION AND SCHEDULES FOR 2013/14 MTREF	24
BUDGET REFORM RETURNS TO THE LOCAL GOVERNMENT DATABASE FOR PUBLICATION.....	25
DEALING WITH REPORTING INCONSISTENCIES.....	25
PUBLICATION OF BUDGETS ON MUNICIPAL WEBSITES	26
ANNEXURE A – CHANGES TO SCHEDULE A1 – THE 'EXCEL FORMATS'	27

Key focus areas for the 2013/14 budget process

The *Medium Term Budget Policy Statement 2012* notes that the South African economy is projected to grow by 2.5 per cent in 2012. By 2014 GDP growth is expected to reach 3.8 per cent, supported by expanding public sector investment in infrastructure, the activation of new electricity-generating capacity, improving public sector confidence, relatively low inflation and interest rates and strong growth in the Southern African region.

Specific interventions to achieve this include: investing in strategic infrastructure programmes, including electricity generation and transport capacity needed to open up new mining and industrial opportunities. Linked to this is strengthening municipal finances and investing in residential development and urban infrastructure.

The proposed spending framework approved by Cabinet takes account of the need to control spending growth over the medium term while increasing the efficiency of existing allocations to improve public services. As a result, the fiscus does not increase available funds beyond the 2012 budget baseline.

The labour market has deteriorated. The official unemployment rate rose to 25.5 per cent of the labour force in the third quarter of 2012 from 24.9 per cent in the second quarter according to the latest Quarterly Labour Force Survey. The total number of unemployed people stood at 4.67 million in the three months up to September, from 4.47 million in the second quarter. By the expanded definition of unemployment (including those who have stopped looking for work) unemployment increased to 36.3 per cent, from 36.2 per cent.

Consequently, municipal revenues and cash flows are expected to remain under pressure in 2013/14 and ***so municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts***. Municipalities will have to carefully consider affordability of tariff increases especially as it relates to domestic consumers while considering the level of services versus the associated cost. Municipalities should also pay particular attention to managing revenue effectively and carefully evaluate all spending decisions. In generating capacity for spending on key municipal infrastructure ***municipalities will have to identify inefficiencies and eliminate non-priority spending***.

National priority – Expanding public sector investment in infrastructure

The key priorities in the local government and housing function are the provision of basic services such as water and sanitation, human settlements development and local government infrastructure.

In addition, creating decent employment opportunities remains a national priority. In drafting their 2013/14 budgets and MTREFs all municipalities are urged to continue to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the Expanded Public Works Programme. In this regard the Expanded Public Works Programme Grant (EPWP) has been reconfigured in the 2012/13 financial year to be a schedule 6 grant. Municipalities are required to reflect the EPWP allocation in their budget because the gazetted amounts of the programme will flow directly into their primary bank accounts. Municipalities should budget for the grant in the same way as it budgets for all other schedule 6 conditional grants. Allocations are based on past performance on the EPWP, potential to create work using baseline allocations, need for employment creation in their area and an adjustment factor for rural municipalities.

Municipalities should not just employ more people without any reference to the level of staffing required to deliver effective services, remuneration increases associated with bargaining

council decisions and what is financially sustainable over the medium term. The municipality ought to focus on maximizing its contribution to job creation by:

- Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate;
- Ensuring that service providers use labour intensive approaches;
- Supporting labour intensive LED projects;
- Participating fully in the Expanded Public Works Programme; and
- Implementing interns programmes to provide young people with on-the-job training.

Municipalities also play a critical role in creating an enabling environment for investments and other activities that lead to job creation. It is important for municipalities to pay particular attention to:

- Ensuring the timely delivery of their capital programmes (eliminate under-spending of capital budgets) and to review all by-laws and development approval processes with a view to removing any regulatory bottlenecks to investment and job creation; and
- Act as a catalyst for local economic development by appropriately structuring capital programmes to address backlog eradication, asset renewal and development of new infrastructure; this will require carefully formulating the funding mix of the capital programme to include grants, borrowing and own funding (internally generated funding).

Image of Local Government

The Local Government Budgets and Expenditure Review highlighted the burgeoning crisis in the declining credibility of local government. Public perception at this time, as measured through various monitors and surveys reflected high levels of disenchantment with service delivery and perceived corruption at municipalities. Recent gauges of public opinion, evident in the outcome of recent surveys on corruption and fraud in government and increases in service delivery protests countrywide, confirm that this negative perception of local government persists.

In the medium to long term, these perceptions will improve as service delivery improves. In the short term, municipalities must demonstrate sound leadership and put in place measures to address mismanagement by implementing effective systems to measure, monitor and evaluate performance.

Procurement reforms and fighting corruption

Municipalities are again advised that the Supply Chain Compliance Unit will also be focusing on municipal procurement processes. Consequently, municipalities can expect requests for information relating to their tender committees and processes, as well as specific tenders and contracts. Key performance areas of this unit will include:

- The modernisation of the state procurement system to be in line with the prescripts of the Constitution;
- Ensure transparent use of resources for improved service delivery; and
- Exercise sound stewardship of government assets and resources.

Measures to counter supply chain management related fraud and corruption include preventative and enforcement measures. Measures will focus on, among others:

- Enhancing regulatory measures and compliance monitoring;
- Strengthening oversight;
- Further procurement reforms;
- Enforcement of the procurement of goods and services that are available in terms of Transversal Term Contracts;
- Consider the introduction of measures to evaluate the integrity and correctness on all major contracts;
- Strengthening the monitoring function of the provincial treasuries;
- Enforce the code of conduct/ethics in supply chain management for practitioners and bid committee members;
- Publication of all tender awards;
- Price benchmarking;
- Encourage the enforcement of remedial actions (penalties, litigations, restrictions etc.) on all suppliers that act fraudulently; and
- Refinement to the register for tender defaulters and the database of restricted supplies which must be checked prior to awarding of contracts in order to ensure that no restricted companies are awarded contracts.

To this end the Supply Chain Management regulatory framework will be reviewed and updated. Municipalities are also encouraged to introduce greater transparency to municipal supply chain processes by publishing SCM process outcomes for each bid on their websites.

Taking the 2011 Local Government Budgets and Expenditure Review forward

One of the key outputs for National Treasury is the biennial production of the “Local Government Budgets and Expenditure Review”. The purpose of such a review as suggested by the title is to highlight over a seven year period the trends in local government budgets and expenditure according to certain strategic and thematic areas. This enables National Treasury and other users of the publication, such as Parliament, to measure progress made by local government in the fulfilment of its mandate while at the same time highlighting those areas where challenges still exist.

In September 2011, National Treasury published the “*Local Government Budgets and Expenditure Review*”. Municipalities are urged to work through the document as part of their preparations for drafting their 2013/14 budgets and MTREF’s.

The *Review* highlights the following areas as requiring particular attention by municipalities:

- i. **Revenue management** – To ensure the collection of revenues, municipalities need to ensure that billing systems are accurate, send out accounts to residents and follow up to collect revenues owed. Municipalities are urged to take note of MFMA Circular No. 64 - Revenue Management, in the preparation of the 2013/14 budgets and MTREF’s. The Circular can be accessed at:

<http://mfma.treasury.gov.za/Circulars/Pages/default.aspx>
- ii. **Collecting outstanding debts** – This requires political commitment, sufficient administrative capacity, and pricing policies that ensure that bills are accurate and affordable.
- iii. **Pricing services correctly** – The full cost of services should be reflected in the price charged to residents who can afford to pay. Many municipalities offer overly generous subsidies and rebates that result in services being run at a loss, resulting in funds being diverted away from other priorities.

- iv. **Underspending on repairs and maintenance** – Often seen as a way to reduce spending in the short term, underspending on maintenance can shorten the life of assets, increase long-term maintenance and refurbishment costs, and cause a deterioration in the reliability of services.
- v. **Spending on non-priorities** – Many municipalities spend significant amounts on non-priority items including unnecessary travel, luxury furnishings, excessive catering and unwarranted public relations projects. Consultants are often used to perform routine tasks. Considering the pressurised economic climate continued spending on non-priority wants cannot be sustained.

The 2011 Local Government Budgets and Expenditure Review can be accessed at:

<http://www.treasury.gov.za/publications/igfr/2011/lq/default.aspx>

In line with the biennial nature of the publication, the next “Local Government Budgets and Expenditure Review” is scheduled for release towards the latter half of 2013. In the lead up to this publication, National Treasury needs to ensure that the database used to compile the review is updated and reflective of the latest available audited financial information for local government. National Treasury requires the assistance of municipalities to ensure that the information in respect of your municipality is correctly reflected in the LG database. Should any errors be detected, kindly update the information.

In addition, during the preparation of the publication, National Treasury will also be sending out several ad-hoc requests for information. National Treasury kindly requests your cooperation by ensuring that you provide the relevant information within the required timeframes. In the previous publication, the cooperation received from municipalities was generally positive and we hope that this can be sustained in the lead up to the 2013 publication.

Lastly, the database used in the compilation of the previous Local Government Budget and Expenditure Publications contained information at a very high level limiting the extent of the analysis that needs to be undertaken. In the 2013 publication, National Treasury will be aligning the database to the Municipal Budget and Reporting Regulation formats to improve the analysis with the relevant budgeting framework; improving the level of analysis.

All updating of information will need to be completed by the end of March 2013. The equivalent of the budget verification process will have to be completed by the end of March 2013 by focusing on the audited annual financial statements for 2006/07, 2007/08, 2008/09, 2009/10, 2010/11 and 2011/12. All previous year's figures should also be corrected and perfectly aligned to the audited financial statements of the municipality; this must include any restatement of figures. This process will assist municipalities in the compilation of their 2013/14 budgets and MTREF's as the audited actuals figures will provide a historical performance perspective; a valuable management planning and budgeting tool.

As a start it will assist if all outstanding input forms are lodged as matter of urgency with the LG database in support of the AFS (OSAA, CAAA, BSA and CFAA). This should ideally be done by the 14 December 2012. Once we have received all the inputs forms from all municipalities, the national and provincial treasuries will reconcile the information and provide municipalities with feedback by 10 January 2013. Municipalities will then have until 31 January 2013 to correct and resubmit the revised information to the LG database. MM's and CFO's will be requested to sign off on the revised numbers by 28 February 2013. The National treasury will then correct the dataset taking into account the demarcation process to reclassify the historical numbers and finally lock the financial database on 20 March 2013.

It is recommended that an official be permanently dedicated and assigned to this process to avoid a repetition of the challenges experienced with the previous budget verification process.

Local government equitable share formula review and 2011 Census

Local government's equitable share of nationally raised revenue is distributed between the country's 278 municipalities by means of a formula. This formula has been reviewed by the National Treasury, the Department of Cooperative Governance and the South African Local Government Association, with assistance from the Financial and Fiscal Commission and Statistics South Africa. The proposed structure of a new formula has been endorsed by the Budget Forum – the Budget Forum is the formal structure through which local government finance issues are consulted on as part of the national budget process. The Budget Forum is chaired by the Minister of Finance and includes SALGA and the MECs for Finance of the nine provinces.

The formula review process has included two rounds of consultations with municipalities, as well as the circulation of three discussion papers which can be accessed at:

http://mfma.treasury.gov.za/Media_Releases/LGESDiscussions/Pages/default.aspx

The formula will provide a subsidy for the provision of free basic water, electricity, sanitation and refuse removal services for every poor household. The formula will also provide funds for the institutional costs of municipalities and, for the first time, will explicitly allocate funds for non-trading services, such as municipal roads and fire services. To ensure that the funds for institutional costs and non-trading services are targeted at poorer municipalities, the proposed formula will apply a revenue-adjustment factor reflecting municipalities' ability to generate their own revenue.

The formula will use data from the 2011 Census and will be updated annually to reflect estimates of population growth and projected increases in the cost of services such as water and electricity. The formula will also include explicit funding for the maintenance of basic services funded through the equitable share.

Details of the new formula are being finalised to take into account inputs received from municipalities. The final formula will be presented as part of the Division of Revenue Bill tabled with the national budget on 27 February 2013.

Impact of the new formula on municipal budgets

The new formula will use data from the 2011 Census that will reflect substantial changes since the 2001 Census which was the source of most of the data used in the current equitable share formula. The change to the formula as well as the updating of the data will both result in changes to the allocations to individual municipalities.

In order to provide predictability and stability in equitable share allocations, national government provides a guarantee that municipalities will receive at least 90 per cent of the allocation for 2013/14 published in the 2012 Division of Revenue Bill. In addition to this guaranteed minimum, the new equitable share allocations will also be phased in over a period of three to five years to provide municipalities time to absorb adjustments to allocations.

The detailed structure of the formula, as well as the phase-in process for the new allocations will be agreed to at a meeting of the Budget Forum in January 2013. Providing predictability and stability is one of the principles agreed to in the development of the new formula. The phase-in process for the new allocations will therefore be designed to minimize any instability and disruptions caused by the changes to the equitable share formula.

Municipalities are therefore advised to take a conservative approach in the compilation of their 'tabled' 2013/14 MTREF's pending finalisation of the allocations as part of the 2013 Division of Revenue Bill tabled with the national budget on 27 February 2013; this will provide municipalities a final opportunity to adjust their 2013/14 budgets and MTREF's to accurately reflect the gazette allocations prior to tabling for consideration and approval by the municipal council.

Local government conditional grants and additional allocations to local government

Local government conditional grants are being reformed to provide targeted support to different types of municipalities. The human settlements and public transport functions are being devolved to urban municipalities, and greater technical support will be provided to rural municipalities. In 2013/14, a new direct grant for water infrastructure administered by the Department of Water Affairs will enable the department to help municipalities deliver clean drinking water to households.

Over the medium term, funds will be made available to expand the integrated national electrification programme. Reprioritised funds will also be used to improve the sustainability of municipal services by subsidising critical refurbishment projects, and combating wastage of water and electricity.

National government has already made substantial investments in the construction of local government infrastructure, committing over R100 billion for this purpose through direct and indirect conditional grants from 2007/08 to 2011/12, allowing municipalities to expand infrastructure and deliver free basic services to the poor. These transfers have made a significant difference to the lives of South Africans who did not previously have access to municipal services. However, there are still areas where households do not have access to basic services.

The 2011 Census data will be used to identify areas where progress has been made and where it has not. During 2013, the effectiveness of conditional grants in facilitating the rollout of infrastructure will be reviewed by the National Treasury, other national departments, the South African Local Government Association and municipalities. This review could result in changes to the structure of conditional grants from 2014/15.

Census data will also be used to update the backlog figures in the formulas used to allocate funds for infrastructure grants. This will ensure that funds are targeted at areas that need them most. All changes will be phased in to avoid disruption to existing infrastructure plans.

The *Medium Term Budget Policy Statement 2012* indicates that over the 2013 MTEF, transfers to local government grow by R12.3 billion, including direct and indirect transfers.

This means the baseline allocations to local government for 2013/14 are set to remain largely unchanged from the amounts published in the 2012 Division of Revenue Act totalling R34.3 billion for conditional grants. The final allocations to municipalities will be announced in the 2013 Division of Revenue Bill, which will be tabled by the Minister of Finance on 27 February 2013. This information will be communicated to municipalities in a further Budget Circular for the 2013/14 financial year to be issued shortly after the tabling of the National Budget.

Municipalities MUST ensure that their tabled budgets reflect the conditional grant allocations set out in the 2013 Division of Revenue Bill.

Municipalities are advised to use the indicative numbers for 2013/14 in the 2012 Division of Revenue Act to compile their capital budgets. This document is available on National Treasury's website and can be assessed at:

<http://www.treasury.gov.za/legislation/acts/2012/Default.aspx>

Council oversight over the budget process

A municipal council is elected to direct and exercise oversight of how a municipality raises revenue, plans the use of funds through its budget and spends the funds in accordance with the council approved budget. In terms of section 4(2)(a) of the Municipal Systems Act the council has a duty **“to use the resources of the municipality in the best interests of the local community”**. This duty is extended to individual councillors through the *Code of Conduct for Councillors*, which states:

2. **General conduct of councillors.** – A councillor must –
 - (a) perform the functions of office in good faith, honestly and in a transparent manner; and
 - (b) at all times act in the best interests of the municipality and in such a way that the credibility and integrity of the municipality are not compromised.

Over the last few years, an escalating trend in unauthorised, irregular and fruitless and wasteful expenditures has been observed by the Auditor-General in its annual reports on local government audit outcomes. Many municipalities have not dealt effectively with instances of unauthorised, irregular and fruitless and wasteful expenditure. Such matters must be dealt with decisively by council so to address any perceived fraud and corruption.

When municipal funds are used for inappropriate purposes it is not in the best interests of the municipality or the local community. Those funds should have been used to deliver services to communities. The consequence is that many households continue to live without access to water, electricity, decent sanitation and refuse removal services.

Therefore, each council has a duty to put in place policies and processes to:

- (a) **Prevent** unauthorised, irregular and fruitless and wasteful expenditure;
- (b) **Identify and investigate** unauthorised, irregular and fruitless and wasteful expenditure; and
- (c) **Respond** appropriately, and in accordance with the law, to confirmed instances of unauthorised, irregular and fruitless and wasteful expenditure.

As part of the 2013/14 budget process municipalities are strongly advised to ensure that the necessary policies and processes are institutionalised in proactively curbing prohibited expenditure; poor policies, procedures and planning significantly contribute to this recurring phenomenon and require a demanding response by all councillors and municipal officials.

Regulation of a 'Standard Chart of Accounts' (SCOA) for Local Government

Section 216(1) of the Constitution states that:

National legislation must establish a national treasury and prescribe measures to ensure both transparency and expenditure control in each sphere of government, by introducing -

- (a) Generally recognised accounting practice (*GRAP – Office of the Accountant General*)
- (b) Uniform expenditure classifications (*Standard Chart of Accounts / General Ledger*); and

- (c) Uniform treasury norms and standards (*MFMA, Regulations, Circulars and Guidelines*).

Furthermore Section 168 (1) of the MFMA states that:

The Minister (of Finance), acting with the concurrence of the Cabinet member responsible for local government, may make regulations for, among other things –

- (a) any matter that may be prescribed; and
- (p) any other matter that may facilitate the enforcement and administration of the Act

Considering the legislative mandate of National Treasury especially as it relates to a uniform expenditure classification, similarly to that of national and provincial government, National Treasury is in the process of finalising a 'standard chart of accounts' (SCOA) for local government. The SCOA is a detailed financial classification system incorporating government financial statistics (GFS), economic reporting framework (ERF), generally recognised accounting practice standards (GRAP standards) and the Municipal Budget and Reporting Regulations. Alignment of the Municipal Budget and Reporting Regulations and the format of the annual financial statements will require that consideration to be given to the current accounting standards (GRAP); this will require amendments to the current GRAP standards.

The project was commissioned by the Technical Committee on Finance (TCF) and has been in process since January 2010 of which progress to date has included three phases. Phase three of SCOA for local government involved, among others, extensive consultation with a wide audience including all municipalities between August and October 2012. The engagements were structured to provide a detailed understanding of the classification framework (SCOA) including the project summary document. All stakeholders were requested to provide comments and input based on Version III of SCOA for consideration and incorporation into the SCOA Version IV. The regulation of a SCOA for local government is currently in Phase IV, which includes:

- Finalisation of SCOA 2013 (Version IV) including consideration of comments and input;
- Drafting of the Regulation;
- 90 day legal consultation window – Envisage for March 2013;
- Wider consultation with all municipal stakeholders – District level engagements; and
- Concluding the Parliamentary processes.

It is anticipated that the regulatory processes will be finalised to the latter part of 2013 and municipalities will be given a two year preparation window prior to full implementation which is envisaged for 1 July 2016. In this regard, municipalities will be required to compile their 2016/17 budgets and MTREF's SCOA compliant during the 2015/16 financial year. In the lead up to full rollout of the SCOA for local government, municipalities need to be cognisant of concurrent processes and activities underway, including:

- Development of a SQL Database within the National Treasury by which typical municipal transactions will be tested (current and historical) as well as report extraction;
- Identification of potential municipalities for the piloting of SCOA; this will include a technical evaluation of municipal and financial application (system) capability to successfully pilot SCOA;
- Piloting at selected municipalities; and
- Wider consultation with municipalities in the lead up to full implementation.

Although not necessary for municipalities to compile their 2013/14 budgets and MTREF's in the SCOA format for local government, it will facilitate implementation if municipalities start familiarising themselves with the detail content of the SCOA for local government from a budgeting and planning perspective. This process will not only provide municipalities with a conceptual understanding of the SCOA but also provide municipalities with an understanding of alignment to their own chart (general ledger) and where anomalies might exist.

National Treasury will regularly communicate with all municipalities on progress during the process of finalising the SCOA for local government.

Financial applications (systems) and the impact of SCOA

As part of the SCOA project, National Treasury commissioned a parallel project to investigate financial applications (systems) in use by municipalities and compatibility of current financial applications (systems) in amongst others, accommodating the proposed segments of the SCOA for local government.

The implementation of SCOA is highly dependent on typical business processes to be accommodated in modules to standardise transactions in the application of the classification framework. Uniform business processes and typical transaction is a pre request for SCOA to achieve comparable results throughout local government.

To this end National Treasury issued MFMA Circular No.57 – Municipal Financial Systems and Processes which can be accessed at:

<http://mfma.treasury.gov.za/Circulars/Pages/default.aspx>

The objective of the circular was to inform municipalities of the investigation into local government financial systems and processes and to outline the procedure that municipalities need to comply with when considering a replacement of their core financial systems.

Municipalities are reminded that MFMA Circular No. 57 is still applicable and that the replacement of the core financial system prior to the regulation of the SCOA for local government could result in potential fruitless and wasteful expenditure for municipalities.

In the lead up to the regulation of a SCOA for local government and subsequent implementation by municipalities, National Treasury will continue with its research into local government financial applications (systems) and engage with relevant stakeholders in ensuring a conducive and enabling environment is created which will accommodate and facilitate the implementation of the SCOA for local government.

Municipalities are strongly advised not to proceed with any configuration or upgrades to their current core financial systems in anticipation of SCOA; any configuration or upgrades at this stage must be considered premature as the SCOA for local government has not been finalised. As the research and other concurrent projects are undertaken National Treasury will regularly update municipalities on progress and other requirements impacting on municipalities from a financial application (systems) perspective.

Management accounting and tariff setting

In addition to the special project on financial applications (systems) and processes (as discussed above) National Treasury commissioned a further project dealing specifically with management accounting (costing) and the subsequent impact on tariff setting.

Municipalities are increasingly under recovering the cost associated with trading services i.e. electricity, water, waste management and waste water management and this position is further exacerbated by the fact that no consideration is given to overhead costing and the influence on the total cost of providing the service. This in turn impacts on tariff setting and in many instances municipalities are cross subsidising a trading service from property rates revenue; a totally defective approach to pricing and tariff setting of municipal trading services.

The Technical Committee on Finance (TCF) endorsed a pilot project to be undertaken at a local municipality in reviewing and researching an appropriate cost management methodology for local government. The project involved unpacking the adopted municipal budget for the 2012/13 financial year, evaluating cost distribution tools and methodologies and testing appropriateness of applications. The first phase of the project is nearing completion and a guideline will be distributed early in 2013 providing municipalities with a generic management accounting methodology.

In addition to the guideline, the research work has informed the design principles for a segment within the SCOA for local government. This will provide municipalities with not only pure accounting functionality as part of SCOA but also the key dimension of management accounting. In finalisation of SCOA for local government and ensuring the alignment between the Municipal Budget and Reporting Regulations, in-year reporting and annual financial systems National Treasury envisages additions to the Municipal Budget and Reporting Regulations going forward.

Further guidance around tariff setting for main trading services is supplied in the section of this Circular dealing with revising of rates, tariff and other charges.

Municipal Budget and Benchmark Engagements and timeframes for tabling MTREF'S

National Treasury has institutionalised two formal annual engagements with the 17 non-delegated municipalities, namely the Mid-year Budget and Performance Assessment Review and the Municipal Budget and Benchmark Engagement.

The Municipal Budget and Benchmark Engagements are intended to provide a platform by which the tabled budgets are independently analysed and assessed by National Treasury and the respective provincial treasuries. These formal engagements conclude with findings and recommendations being supplied to the respective municipalities in a formal report which must be considered by the budget steering committee prior to the finalisation of the budget to be tabled in council for consideration and approval to the end of May.

Although the 17 non-delegated municipalities have welcomed these engagements and are of the opinion that it strengthens the overall municipal budgeting process, concern has been raised over the scheduling of the engagements; engagements historically scheduled starting middle of April and subsequently municipalities find it difficult to incorporate key findings and recommendations into their final budgets prior to consideration and approval by the municipal council.

Municipalities are advised to consider earlier tabling of the 2013/14 budgets and MTREF's; ***last week of February, first week of March 2013***. The request for early tabling will have the following advantages by:

- Provide for a lead-time for municipalities to incorporate the findings and recommendations of the engagements by the National Treasury and respective provincial treasuries on the 2013/14 budgets and MTREF's into their final budgets and MTREF's prior to tabling for considered and approval by the municipal council;

- Provide for a wider engagement window for the National Energy Regulator of South Africa (NERSA) to consider the proposed electricity tariff structures within their regulatory processes prior to adoption by the municipality; early tabling will empower municipalities to incorporate any comments and recommendations received by NERSA prior to finalisation of the 2013/14 budgets and MTREF's for consideration and approval (further guidance around tariff setting and the NERSA process is supplied in the section of this Circular dealing with revising of rates, tariff and other charges); and
- Provide for a wider window for public participation as required by the MFMA; an area where municipalities are generally weak and needs specific attention and improvement.

Headline inflation forecasts

Municipalities must take the following inflation forecasts into consideration when preparing their 2013/14 budgets and MTREF. Again this information will be updated in a further Budget Circular to be issued after the tabling of the National Budget on 27 February 2013.

Fiscal year	2011	2012	2013	2014	2015
	Actual	Estimate	Forecast		
CPI Inflation	5.0%	5.7%	5.5%	5.1%	4.9%

Source: Medium Term Budget Policy Statement 2012

Revising rates, tariffs and other charges

When municipalities and municipal entities revise their rates, tariffs and other charges for their 2013/14 budgets and MTREF's, they need to take into account the labour (i.e. the wage agreements with unions) and other input costs of services provided by the municipality or entity, the need to ensure financial sustainability, local economic conditions and the affordability of services, taking into consideration the municipality's indigent policy. Municipalities should also take into account relevant policy developments in the different sectors (such as the *inclining block tariff* (IBT) proposals from the National Energy Regulator of South Africa (NERSA)).

Municipalities should continue to explore appropriate ways of structuring the tariffs for utility services to encourage more efficient use of these services and to generate the resources required to fund the maintenance, renewal and expansion of the infrastructure required to provide the services.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality. For this reason municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target.

NERSA's process to approve electricity tariffs

It is important that municipalities and NERSA work together to ensure that the process of approving electricity tariffs does not disrupt the process of compiling municipal budgets or compromise community consultations on the budget. It is for this reason that section 43 of the MFMA reads:

- 43 (1) If a national or provincial organ of state in terms of a power contained in any national or provincial legislations determines the upper limits of a municipal tax or tariff, such determination takes effect for municipalities on a date specified in the determination.
- (2) Unless the Minister on good grounds approves otherwise, the date specified in a determination referred to in subsection (1) may-
- (a) if the determination was promulgated on or before 15 March in a year, not be a date before 1 July in that year; or
 - (b) if the determination was promulgated after 15 March in a year, not be a date before 1 July in the next year.

Owing to the delay in Eskom's tariff increase application, NERSA has indicated that they will only be in a position to finalise Eskom's application by 28 February 2013. NERSA has indicated that this would affect the decision on the determination of the municipal tariffs and limit the ability of NERSA to meet the 15 March 2013 deadline. NERSA has subsequently applied to the Minister for extension of the deadline as contained in Section 43 of the MFMA.

Considering the pending extension application by NERSA, municipalities are advised as follows as it relates to NERSA's regulatory process over municipal electricity tariff determination:

- i. Municipalities are to formulate their electricity tariff structures for the 2013/14 budgets and MTREF's based on the indicative 14.4 per cent increase as detailed below and NERSA guidelines. This must inform the tabled 2013/14 budgets and MTREF prior to community consultation;
- ii. submit a tariff application to NERSA containing all the required information by 28 February 2013; and
- iii. NERSA to finalise the municipal electricity determination process by the 26 April 2013, including formal feedback to municipalities for incorporation into the final 2013/14 budgets and MTREF.

Municipalities are reminded to submit all outstanding D-forms to NERSA. The deadline for submission was 30 October 2012. NERSA will not be in a position to evaluate municipal tariff applications in the absence of complete D-forms.

NERSA will have to consider the fact that the municipal electricity tariff structure was based on the indicative 14.4 per cent increase and adjust their comments to individual municipalities based on the actual tariff determination to be made available on 28 February 2013; municipalities will in turn, have to incorporate NERSA's comments in the finalisation of their 2013/14 budgets and MTREF's prior to the MFMA deadline of 31 May 2013 for tabling, consideration and approval by the municipal council.

Where a municipality can demonstrate that it has complied with (i), (ii) and (iii) above, and that NERSA did not issue a final determination by 26 April 2013, the municipality will be entitled to use the tariffs for 2013/14 set out in its original application to NERSA.

To facilitate NERSA's regulatory processes as it relates to reviewing the proposed municipal electricity tariff structures, municipalities are advised to consider earlier tabling of the 2013/14 budgets and MTREF's; **last week of February, first week of March**. Adherence to earlier tabling directly implies that municipalities will be in a position to submit their municipal electricity tariff structures to NERSA by the latest 28 February 2013; earlier tabling would mean that municipalities would be in the finalisation stages of their budget compilation process, and subsequently the proposed municipal electricity tariffs should be finalised.

It needs to be noted that the outlined process is an exception and will not be repeated in subsequent financial years; NERSA will be approving a five-year multi-year price determination (MYPD) from the 2013/14 financial year.

Eskom bulk tariff increases

Eskom submitted a 16 per cent bulk electricity price increase application to NERSA for the 2013/14 financial year. Should this bulk electricity price increase be approved the indicative increase for municipalities is 14.4 per cent for the 2013/14 financial year.

Municipalities are advised to structure their 2013/14 electricity tariffs based on the 14.4 per cent guideline and provide for a 16 per cent increase in the cost of bulk purchases for the tabled 2013/14 budgets and MTREF. Once the final bulk electricity price is available the information will be communicated to municipalities in a further Budget Circular for the 2013/14 financial year to be issued shortly after the tabling of the National Budget, including a multi-year Eskom bulk electricity price increase.

Municipalities are urged to examine the cost structure of their electricity undertakings and apply to NERSA for electricity tariff increases that are cost reflective and ensure continued financial sustainability.

National Treasury supports the use of the following formula, proposed by NERSA, for calculating municipal electricity tariff increases:

$$MG = (B \times BPI) + (S \times SI) + (R \times RI) + (C \times CCI) + (OC \times OCI)$$

Where:

MG = % Municipal Guideline Increase
 B = % Bulk purchases
 BPI = % Bulk purchase increase
 S = % Salaries
 SI = % Salaries increase
 R = % Repairs
 RI = % Repairs increase
 C = % Capital charges
 CCI = % Capital charges increase
 OC = % Other costs
 OCI = % Other costs increase

All cost shares and increases must relate to the electricity function of the municipality

Where a municipality's evaluation of its cost structure results in a lower or higher tariff increase to that proposed by NERSA, the municipality must structure its tariffs accordingly and ensure it provides the necessary motivation and information in its tariff application to NERSA.

Inclining block tariffs (IBT) for electricity

Municipalities are urged to design an IBT structure that is appropriate to its specific circumstances, and ensures an appropriate balance between 'low income customers' and other domestic, commercial and business customers, and the financial interests of the municipality.

It is also important that any proposed IBT is fully aligned to the principles set out in the *South African Electricity Supply Industry: Electricity Pricing Policy* (EPP), including the principle that electricity tariffs must be cost reflective and that any cross-subsidies should be explicit.

A municipality must structure its IBT tariff according to its own specific circumstances and ensure that it provides the necessary motivation and information to NERSA in its tariff

application. In this regard, municipalities need to pay careful attention to determining an appropriate level of cross-subsidisation between the different IBT blocks given the profile of its customer base, and also have regard to the price elasticity of the demand for electricity.

Water and sanitation tariffs must be cost-reflective

Municipalities are reminded to review the level and structure of their water and sanitation tariffs carefully with a view to ensuring:

- Water and sanitation tariffs are on aggregate fully cost-reflective – including the bulk cost of water, the cost of maintenance and renewal of purification/treatment plants and network infrastructure, and the cost of new infrastructure;
- Water and sanitation tariffs are structured to protect basic levels of service; and
- Water and sanitation tariffs are designed to encourage efficient and sustainable consumption (e.g. through inclining block tariffs).

If a municipality's water and sanitation tariffs are not fully cost reflective, the municipality should develop a pricing strategy to phase-in the necessary tariff increases in a manner that spreads the impact on consumers over a period of time. However, all municipalities should aim to have appropriately structured, cost-reflective water and sanitation tariffs in place by 2014.

To mitigate the need for water tariff increases, municipalities must put in place an appropriate strategy to limit water losses to acceptable levels. In this regard municipalities must ensure that water used by its own operations is charged to the relevant service, and not simply attributed to water 'losses'.

Municipalities' not already calculating and reporting non-revenue water in accordance with the International Water Association (IWA) standards as required by the Department of Water Affairs (DWA) should contact DWA for assistance in this regard. National Treasury is working with DWA to publish this information in the near future.

Solid waste tariffs

Municipalities are once again reminded that in many instances waste tariffs do not cover the cost of providing the different components of the service. Where this is the case, municipalities should aim to have appropriately structured, cost-reflective solid waste tariffs in place by 2015.

The tariffs for solid waste management must take into account that it is good practice to maintain a cash-backed reserve to cover the future costs of rehabilitating landfill sites.

Municipalities are encouraged to explore alternative methodologies to manage solid waste, including recycling and incineration in plants that use the heat energy to generate electricity.

Funding choices and management issues

Municipalities are once again reminded that given on-going economic pressures, the revenue side of municipal budgets will continue to be constrained, so they will again need to make some very tough decisions on the expenditure side this year. Priority still needs to be given:

- Ensuring that drinking water and waste water management meets the required quality standards at all times;
- Protecting the poor;

- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
- Securing the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance;
- Expediting spending on capital projects that are funded by conditional grants; and
- Ensuring that borrowed funds are invested in revenue generating assets as part of the capital programme.

Municipalities must also ensure that their capital budgets reflect consistent efforts to address the backlogs in basic services and the renewal of the infrastructure of existing network services.

Employee related costs

Municipalities must take into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1.25 per cent for the 2013/14 financial year.

Considering that municipalities will be preparing and finalising their respective 2013/14 MTREF for tabling as per the MFMA prior to the announcement of the final CPI for the relevant period, municipalities will have to provide for assumed budget growth as it relates to employee related costs.

In this regard municipalities are advised that average CPI for the period November 2011 to October 2012 is 5.74 per cent which compares well to the estimate of 5.7 per cent for 2012 as provided for in the 2012 Medium Term Budget Policy Statement. Municipalities are therefore advised to provide for increases related to salaries and wages for the 2013/14 budget and MTREF as follows:

2013/14 Financial Year – 6.95 per cent (5.7 per cent plus 1.25 per cent)
2014/15 Financial Year – 6.5 per cent (5.5 per cent plus 1 per cent)

Once the final average CPI for the period 1 February 2012 until 31 January 2013 is available municipalities will be in a position to adjust their 2013/14 budget and MTREF prior to tabling for consideration and approval to the end of May 2013; it is not envisaged that the actual CPI will be a significant deviation from the guidelines and should therefore not have a detrimental impact on the tabled budget prior to community consultation.

In addition to considering the actual salary and wage increases municipalities are reminded to accurately budget for actual positions and vacancies as per the organisational structure of the municipality and notch increments where applicable. Municipalities are also reminded that supporting tables SA22 (Summary councillor and staff benefits), SA23 (Salaries, allowances and benefits of political office bearers/councillors/senior managers) and SA24 (summary of personnel numbers) as part of the Municipal Budget and Reporting Regulations need to be accurately completed. Municipalities are urged to provide a narrative to the budget document explaining the numbers and budget appropriations.

Excessive expenditure on overtime has been increasingly observed in National Treasury's analysis of municipal budgets. In certain instances overtime can account for as much as 8 per cent of the employee related costs. Although overtime is considered acceptable, as it relates to essential services; an excessively high allocation could be an indication of performance inefficiencies. Overtime is an expensive form of remuneration and can easily be abused. Should excessive overtime be found to be legitimate it could be an indication that the

organisational structure is insufficiently funded and hence would require funds being rather appropriated against vacancies. Based on the most recent Budget and Benchmark Engagements with the non-delegated municipalities, overtime as a percentage of total remuneration averaged 4.5 per cent. As a guideline, municipalities are advised that a percentage above 5 per cent would require further investigation; it needs to be noted that this percentage is based on total municipal remuneration and individual functions will differ owing to the nature of the service rendered.

Debt impairment, depreciation, and other non-cash expenditure items

Municipalities have recently raised concern over the classification of non-cash flow expenditure being classified as unauthorised owing to overspending; such expenditure relates to debt impairment, depreciation and asset impairment, and transfers and grants as appropriated in Table A4 (Budgeted Statement of Financial Performance: revenue and expenditure) of the MBRR.

Although these expenditures are considered non-cash items as there is no transaction with the 'outside world', an under provision during the budget compilation process is a material misstatement of the surplus/(deficit) position of the municipality. This could be associated with poor budgeting and financial management or events that gave rise to the asset and debt impairment were unknown at the time of budget finalisation and adoption. Nevertheless, the Auditor-General must express an opinion in relation to non-cash items as it relates to unauthorised expenditure resulting from overspending. In this regard Table A4 (Budgeted Statement of Financial Performance: revenue and expenditure) must be read in conjunction with supporting Table SA1 of the MBRR. Although National Treasury understands that budgeting for certain non-cash flow expenditure such as investment property impairment is extremely difficult owing to the nature of the transaction; other non-cash flow expenditure such as debt impairment and depreciation are more predictable and should be informed by actual municipal performance and intended capitalisation of property, plant and equipment during the budget year.

Municipalities are advised to carefully project and appropriate expenditure against non-cash items during the budget compilation process in proactively dealing with possible instances of unauthorised expenditure. Section 160(2) of the Constitution provides that a council may not delegate the approval of budgets or the imposition of rates, taxes, levies and duties. In other words, *only the council may make decisions related to the raising of municipal revenues and approving (or authorising) the spending of those revenues through the budget or an adjustments budget.*

The council can only make valid expenditure decisions through a budget or an adjustments budget. It follows that **only** the council may authorise instances of unauthorised expenditure, and council **must** do so through an adjustments budget. This is the rationale for the provisions in regulation 23(6) of the Municipal Budget and Reporting Regulations (MBRR) governing when council may authorise unauthorised expenditure in an adjustments budget.

Renewal and repairs and maintenance of existing assets

It is observed that budget appropriations for renewal and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority regardless of guidance supplied in MFMA Circular No. 55 – Municipal Budget Circular of the 2011/12 MTREF.

Municipalities are therefore once again reminded of the guidelines as supplied in MFMA Circular No. 55. For the 2013/14 budgets and MTREF's municipalities must take into consideration:

- Where the municipality allocates less than 40 per cent of its 2013/14 Capital Budget (as reflected on Table A9) to the renewal of existing assets it must provide a detailed explanation and assurance that the budgeted amount is adequate to secure the ongoing health of the municipality's infrastructure supported by reference to its asset management plan;
- Where the budgeted amounts for repairs and maintenance reflected on Table A9 are less than 8 per cent of the asset value (write down value) of the municipality's Property Plant and Equipment (PPE) as reflected in the municipality's 2011/12 annual financial statements, the municipality must provide a detailed explanation and assurance that the budgeted amount is adequate to secure the ongoing health of the municipality's infrastructure supported by reference to its asset management plan; and
- In the case of a municipality that received an audit qualification related to its assets register, where the budgeted amounts for repairs and maintenance reflected on Table A9 are less than 10 per cent of the municipality's operating expenditure on Table A4, the municipality must provide a detailed explanation and assurance that the budgeted amount is adequate to secure the ongoing health of the municipality's infrastructure supported by reference to its asset management plan.

Municipalities are also reminded of the disclosure requirements of the Municipal Budget and Reporting Regulations as it relates to supporting table SA1; this table requires the disclosure of operational repairs and maintenance against employee related costs, other materials, contracted services and other expenditure. Municipalities are further reminded of the importance of supporting tables SA34 a, b, c and d which provide an analysis of capital asset renewal and operational repairs and maintenance; a strategically important expenditure for local government.

National Treasury, along with provincial treasuries, will assess what each municipality has budgeted for repairs and maintenance, and renewal projects as part of the overall assessment of municipal budgets.

Furthermore, municipalities are reminded that reporting on asset renewal and repairs and maintenance has been institutionalised as part of the in-year Section 71 reporting process and publication of municipal performance. It would be in the best interest of municipalities and the community to ensure they firstly prioritise expenditure against this strategic expenditure imperative and accurately and transparently appropriate expenditure in the budget compilation process.

Eliminating non-priority spending

The *2012 Medium-term Budget Policy Statement* (MTBPS) highlighted the need for resource allocation to be prioritised in expanding public-sector investment. The MTBPS further emphasises the need for government to step up its efforts to combat waste, inefficiency and corruption. Municipalities must therefore pay special attention to controlling unnecessary spending on nice-to-have items and non-essential activities.

To illustrate the point, it has come to the attention of National Treasury that municipalities are incurring excessive expenditure on membership and other related costs associated with ***The South African Municipal Sports and Recreation Association (SAMSRA)***. SAMSRA is an organisation catering for the physical, emotional and psychological well-being of local government practitioners, including councillors. Spending excessive amounts on travelling, accommodation and entertainment related to SAMSRA is totally unacceptable and could be classified as fruitless and wasteful expenditure. Municipalities have indicated that in certain instances they are forced to budget as much as R600 000.00 per annum for the municipal

games hosted by SAMSRA. Furthermore, it has also come to our attention that municipalities apply for sponsorship in the name of the municipality and not SAMSRA - a practice that has significant implications from a supply chain management perspective and is tantamount to irregular expenditure. Municipalities are advised to halt this bad practice immediately and are reminded of the need for resource allocation to be prioritised in expanding public-sector investment, considering the challenging economic landscape.

The following additional examples of non-priority expenditure have been observed, and municipalities are reminded that they need to be eliminated:

- i. excessive sponsorship of music festivals, beauty pageants and sporting events, including the purchase of tickets to events for councillors and/or officials;
- ii. public relations projects and activities that are not centred on actual service delivery or are not a municipal function (e.g. celebrations; gala dinners; commemorations, advertising and voter education);
- iii. LED projects that serve the narrow interests of only a small number of beneficiaries or fall within the mandates of other government departments such as the Department of Agriculture;
- iv. excessive catering for meetings and other events, including the use of public funds to buy alcoholic beverages;
- v. arranging workshops and events at expensive private venues, especially ones outside the municipality (as opposed to using the municipality's own venues);
- vi. excessive printing costs (instead of maximising the use of the municipality's website, including providing facilities for the public to access the website);
- vii. excessive luxurious office accommodation and office furnishings;
- viii. foreign travel by mayors, councillors and officials, particularly 'study tours';
- ix. excessive councillor and staff perks such as luxurious mayoral cars and houses, notebooks, IPADS and cell-phone allowances; travel and subsistence allowances. Municipalities are reminded that in terms of section 7 (1) of the Remuneration of Public Office-bearers Act, 1998 (Act No.20 of 1998) the Minister for Cooperative Governance and Traditional Affairs must determine the limit of salaries and allowances of the different members of municipal councils and any budget provision may not be outside this framework;
- x. excessive staff in the office of the mayor – particularly the appointment of political 'advisors' and 'spokespersons';
- xi. all donations to individuals that are not made in terms of the municipality's indigent policy or a bursary scheme; for instance donations to cover funeral costs (other than pauper burials which is a district municipality function);
- xii. costs associated with long-standing staff suspensions and the legal costs associated with not following due process when suspending or dismissing staff, as well as payment of severance packages or 'golden handshakes'; and
- xiii. the use of consultants to perform routine management tasks, and the payment of excessive fees to consultants.

Budget management issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54 and 55 with regards to the following issues:

1. Mayor's discretionary funds and similar discretionary budget allocations – National Treasury regards allocations that are not designated for a specific purpose to be bad practice and discourages them (refer to MFMA Circular 51).
2. Unallocated ward allocations – National Treasury does not regard this to be a good practice, because it means that the tabled budget does not reflect which ward projects are planned for purposes of public consultation and council approval (refer to MFMA Circular 51).
3. New office buildings – Municipalities are required to send detailed information to National Treasury if they are contemplating building new main office buildings (refer to MFMA Circular 51).
4. Virement policies of municipalities – Municipalities are reminded of the principles that must be incorporated into municipal virements policies (refer to MFMA Circular 51).
5. Providing clean water and managing waste water – Municipalities are reminded to include a section on 'Drinking water quality and waste water management' in their 2013/14 budget document supporting information (refer to MFMA Circular 54).
6. Renewal and repairs and maintenance of existing assets – Allocations to repairs and maintenance, and the renewal of existing infrastructure must be prioritised. Municipalities must provide detailed motivations in their budget documentation if allocations do not meet the benchmarks set out in MFMA Circular 55.
7. Budgeting for an operating deficit – Over the medium term, a municipality should budget for a moderate surplus on its Budgeted Statement of Financial Performance so as to be able to contribute to the funding of the Capital Budget. If the municipality's operating budget shows a deficit it is indicative that there are financial imbalances that need to be addressed (refer to MFMA Circular 55).
8. Credit cards and debit cards linked to municipal bank accounts are not permitted – On 02 August 2011 National Treasury issued a directive to all banks informing them that as from 01 September 2011 they are not allowed to issue credit cards or debit cards linked to municipal bank accounts (refer to MFMA Circular 55).

Conditional transfers to municipalities

As indicated above, National Treasury will issue a further Budget Circular for the 2013/14 financial year shortly after the tabling of the National Budget on 27 February 2013. This Circular will deal with any new conditional grant issues and processes related to the management of conditional grants.

Municipalities need to take note that National Treasury intends placing increased emphasis on the discrepancies between in-year reporting and the annual financial statements as part of the next conditional grant roll-over application process; in this regard municipalities are requested to improve on the quality of the quarterly sign-off process of Section 71 reports. National Treasury has also observed that municipalities continuously restate historical numbers as part of the compilation of the annual financial statements; especially as it relates to conditional grants. Although an accepted accounting practice, the misuse of this practice is problematic and municipalities are advised to act transparently when compiling annual financial statements. Should municipalities unjustifiably continue with the restatement of historic figures, National Treasury will have to institute additional measures in consultation with the Office of the Accountant General to limit continued reoccurrence.

At this stage in the budget process, municipalities are advised to use the indicative numbers for 2013/14 in the 2012 Division of Revenue Act to compile their budgets. This document is available on National Treasury's website at:

<http://www.treasury.gov.za/legislation/acts/2012/Default.aspx>

Conditional grant issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54 and 55 with regards to the following issues:

1. Accounting treatment of conditional grants – Municipalities are reminded that in accordance with accrual accounting principles, conditional grants should only be treated as 'transfers recognized' revenue when the grant revenue has been 'earned' by incurring expenditure in accordance with the conditions of the grant.
2. VAT on conditional grants: SARS has issued a specific guide to assist municipalities meeting their VAT obligations – **VAT 419 Guide for Municipalities**. To assist municipalities accessing this guide it has been placed on the National Treasury website at: <http://mfma.treasury.gov.za/Guidelines/Pages/default.aspx>
3. Interest received and reclaimed VAT in respect of conditional grants: Municipalities are reminded that in MFMA Circular 48, National Treasury determined that:
 - Interest received on conditional grant funds must be treated as 'own revenue' and its use by the municipality is not subject to any special conditions; and
 - 'Reclaimed VAT' in respect of conditional grant expenditures must be treated as 'own revenue' and its use by the municipality is not subject to any special conditions.
4. Appropriation of conditional grants that are rolled over – As soon as a municipality receives written approval from National Treasury that its unspent conditional grants have been rolled-over it may proceed to spend such funds (refer to MFMA Circular 51 for other arrangements in this regard).
5. Pledging of conditional grant transfers – the 2013 Division of Revenue Bill will contain a provision that allows municipalities to pledge their conditional grants. The end date for the pledges is extended to 2015/16. The process of application as set out in MFMA Circular 51 remains unchanged.
6. Separate reporting for conditional grant roll-overs – National Treasury has put in place a separate template for municipalities to report on the spending of conditional grant roll-overs. Municipalities are reminded that conditional grant funds can only be rolled-over once, so if they remain unspent in the year in which they were rolled-over they MUST revert to the National Revenue Fund.
7. Payment schedule – National Treasury has instituted an automated payment system of transfers to municipalities in order to ensure appropriate safety checks are put in place. Only the National Treasury approved and verified primary banking details would be used for effecting transfers.

The Municipal Budget and Reporting Regulations

National Treasury has released Version 2.5 of Schedule A1 (the Excel Formats). This version incorporates minor changes (see Annexure A). Therefore ALL municipalities MUST use this version for the preparation of their 2013/14 Budget and MTREF.

Download Version 2.5 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver services by facilitating improved financial sustainability and better medium term planning. The regulations, formats and associated guides etc. are available on National Treasury's website at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

All municipalities must prepare budgets in accordance with the regulations

Municipalities are reminded that the regulations apply to all municipalities and municipal entities as from 1 July 2009.

All municipalities and municipal entities must prepare annual budgets, adjustments budgets and in-year reports for the 2013/14 financial year in accordance with the Municipal Budget and Reporting Regulations. In this regard, municipalities must comply with both:

- The formats set out in Schedules A, B and C; and
- The relevant attachments to each of the Schedules (the Excel Formats).

If a municipality fails to prepare its budget, adjustments budget and in-year reports in accordance with the relevant formats, actions the National Treasury will take includes:

- The municipality will be required to resubmit their documentation in the regulated format by a date determined by the National Treasury;
- The municipality's non-compliance with the required formats will be reported to the Auditor-General; and
- A list of municipalities that fail to comply with the required formats will be tabled in Parliament and the provincial legislatures.

Assistance with the compilation of budgets

If you require advice with the compilation of your budgets, the budget documents or Schedule A1 please direct your enquiries as follows:

Municipalities in...	Responsible NT officials	Tel. No.	Email
Eastern Cape	Nozipho Molikoe	012-315 5662	Nozipho.Molikoe@treasury.gov.za
	Ansie Myburgh	012-315 5173	Ansie.Myburgh@treasury.gov.za
Free State	Vincent Malepa	012-315 5539	Vincent.Malepa@treasury.gov.za
	Kgomotso Baloyi	012-315 5866	Kgomotso.Baloyi@treasury.gov.za
Gauteng	Nozipho Molikoe	012-395 5662	Nozipho.Molikoe@treasury.gov.za
KwaZulu-Natal	Johan Botha	012-315 5171	Johan.Botha@treasury.gov.za
Limpopo	Bernard Mokgabodi	012-315 5936	Bernard.Mokgabodi@treasury.gov.za
	Sifiso Mabaso	012-315 5952	Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Jordan Maja	012-315 5663	Jordan.Maja@treasury.gov.za
	Anthony Moseki	012-315 5174	Anthony.Moseki@treasury.gov.za
Northern Cape	Marli J van Rensburg	012-315 5303	Marli.Jansenvanrensburg@treasury.gov.za
	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
North West	Willem Voigt	012-315 5830	Willem.Voigt@treasury.gov.za
	Sadesh Ramjathan	012-315 5101	Sadesh.Ramjathan@treasury.gov.za
Western Cape	Vuyo Mbunge	012-315 5661	Vuyo.Mbunge@treasury.gov.za
	Kevin Bell	012-315 5725	Kevin.Bell@treasury.gov.za
Technical issues with Excel formats	Ilze Baron	012-395 6742	Ilze.Baron@treasury.gov.za

End to the phasing in of formats and tables

This will be the fourth year that all municipalities are required to prepare their annual budgets in accordance with the Municipal Budget and Reporting Regulations. National Treasury therefore expects all municipalities to provide a complete set of information in their annual budget tables, as well as the supporting tables (Schedule A1). All municipalities are once again reminded that the tabled budget including all supporting documents and completed A1 Schedule of the Municipal Budget and Reporting Regulations must be submitted to the National Treasury and respective provincial treasuries prior to the budget and benchmarking exercise.

National Treasury, working with the provincial treasuries, will carry out a compliance check and where municipalities have not provided complete information, the budgets will be referred back to the municipalities, and an appropriate letter will be addressed to the Mayor and municipal manager. Municipal managers are reminded that the annual budget must be accompanied by a 'quality certificate' in accordance with the format set out in item 27 of Schedule A in the Municipal Budget and Reporting Regulations.

Consolidated budgets and reports for municipalities with entities

A municipality that has one or more municipal entities is required to produce:

- An annual budget, adjustment budgets and monthly financial statements for the parent municipality in the relevant formats; and
- A consolidated annual budget, adjustments budgets and monthly financial statements for the parent municipality and all its municipal entities in the relevant formats.

*Municipalities are reminded, that with effect from 1 July 2011, municipalities that have municipal entities must submit their **consolidated** annual budget, **consolidated** adjustment budgets and **consolidated** quarterly financial information to the National Treasury Local Government Database.*

In addition, the A Schedule that the municipality submits to National Treasury must be the consolidated budget for the municipality (plus entities) and not the budget of the parent municipality.

This is to ensure that there is consistency of reporting both across municipalities, but also in respect of the individual municipality with municipal entities.

Completion of service delivery information on Table A10

Similar to the previous budget compilation process, municipalities are reminded that Table A10 is becoming an increasingly important source of information on actual service delivery and service delivery backlogs; during the assessment of the 2012/13 budgets and MTREF's it was observed that the information provided in this Table A10 lacks credibility and compromises transparency and accountability of the entire budget process.

National Treasury plans to prepare a special report on this service delivery information for Parliament in the second half of 2013. It is therefore important for each municipality to ensure its information is up-to-date and accurate. In addition, during the assessment of the 2013/14 budgets and MTREF's specific attention will be given to Table A10 by National Treasury and all respective provincial treasuries. Municipalities are advised to give particular attention with the completion of Table A10 in ensuring the information accurately depicts the actual position

of the municipality. In completing Table A10 care must be given the unit of measure i.e. kilolitres, kilowatt-hour etc.

MBRR issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54 and 55 with regards to the following issues:

1. Budgeting for revenue and 'revenue foregone' – The 'realistically anticipated revenues to be collected' that must be reflected on the Budgeted Statement of Financial Performance (Tables A2, A3 and A4) must exclude 'revenue foregone'. The definition of 'revenue foregone' and how it is distinguished from 'transfers and grants' is discussed in MFMA Circular 51.
2. Preparing and amending budget related policies – Information on all budget related policies and any amendments to such policies must be included in the municipality's annual budget document (refer to MFMA Circular 54).
3. 2013/14 MTREF Funding Compliance Assessment – All municipalities are required to perform the funding compliance assessment outlined in *MFMA Funding Compliance Guideline* and to include the relevant information outlined in MFMA Circular 55 in their 2012/13 budgets (refer to MFMA Circular 55).

Budget process and submissions for the 2013/14 MTREF

Over the past number of years there have been significant improvements in municipal budget processes. Municipalities are encouraged to continue their efforts to improve their budget processes based on the guidance provided in previous MFMA Circulars.

Once more, municipalities are reminded that the IDP review process and the budget process should be combined into a single process.

Submitting budget documentation and schedules for 2013/14 MTREF

To facilitate oversight of compliance with Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that **immediately** after an annual budget is tabled in a municipal council it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. The deadline for such submissions is Tuesday, **10 April 2013**.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted **within ten working days** after the council has approved the annual budget. So if the council only approves the annual budget on 29 June 2013, the final date for such a submission is Thursday, **12 July 2013**, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and all the supporting tables (SA1 – SA37) in both printed and electronic format;

- the draft service delivery and budget implementation plan in both printed and electronic format;
- in the case of approved budgets, the council resolution;
- Signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations; and
- Signed Budget Locking Certificate as found on the website.

Municipalities are required to send electronic versions of documents and the A1 schedule to lgdocuments@treasury.gov.za.

If the budget documents are too large to be sent via email (exceeds 4MB) please submit to lgbigfiles@gmail.com; any problems experienced in this regard can be made with Elsabe Rossouw (email: Elsabe.Rossouw@treasury.gov.za).

Municipalities are required to send printed submissions of their budget documents and council resolution to:

For couriered documents

Ms Linda Kruger
National Treasury
40 Church Square
Pretoria, 0002

For posted documents

Ms Linda Kruger
National Treasury
Private Bag X115
Pretoria, 0001

After receiving tabled budgets, National Treasury will complete a compliance checklist. This checklist will indicate the level of compliance to the Municipal Budget and Reporting Regulations. A copy of the checklist will be sent to the municipality in order to facilitate improvements in the quality of tabled and approved budgets. Please review the municipality's performance last year, and ensure that the gaps are addressed.

Budget reform returns to the Local Government Database for publication

For publication purposes, municipalities are still required to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database. *The old formats may not be used to submit 2013/14 budget information.* All municipalities must have already migrated to using the aligned version of the electronic returns. All returns are to be sent to lgdatabase@treasury.gov.za.

The new aligned electronic returns may be downloaded from National Treasury's website at the following link: http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx.

Dealing with reporting inconsistencies

In achieving reporting consistency across all municipalities' the following needs to be given specific attention:

- *Reporting on property rates and revenue foregone*
When reporting Property Rates on the electronic returns submitted to lgdatabase@treasury.gov.za, municipalities are required to do so in the GFS function **Budget and Treasury Office** to promote consistent reporting by all municipalities. Revenue foregone must be divided into the 4 GFS functions (Water, Electricity, Waste

Management and Waste Water Management as well as Property rates (in the BTO function) and accounted for on supporting Table A1 of the MBRR.

- **Tariffs**

Municipalities are required to complete supporting Tables SA13a and SA13b and Table SA14. Table SA13a has been locked as part of the release of the updated Version 2.5 A1 Schedule. It is the intention of National Treasury to assess and analyse this information across all municipalities going forward. In addition, this information will be incorporated into the next Local Government Budget and Expenditure Review.

Publication of budgets on municipal websites

In terms of section 75 of the MFMA all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

Contact



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post Private Bag X115, Pretoria 0001

Phone 012 315 5009

Fax 012 395 6553

Website <http://www.treasury.gov.za/default.aspx>

JH Hattingh

Chief Director: Local Government Budget Analysis

11 December 2012

Annexure A – Changes to Schedule A1 – the ‘Excel formats’

As noted above, National Treasury has released Version 2.5 of Schedule A1 (the Excel Formats). It incorporates the following changes:

No.	Sheet	Amendment	Reason
1	SA8	Insertion of quantum of water and electricity losses.	Simplification of data gathering for mid-year assessment purposes.
2	SA22, SA23, SA24	Insertion of new footnote.	To clearly state that the personnel figures captured in the budget are only valid at the adoption date of the budget.
3	SA24	Insertion of new footnote.	To clarify that headcount figures must include budgeted vacancies and current staff in order to improve alignment of figures with the municipal organogram.
4	SA13	SA 13 has been split into two separate sheets – SA13a – Service Tariffs by Category SA13b – Service Tariffs by Category (explanatory).	To facilitate the collection of consistent information on municipal tariff structures.



Municipal Budget Circular for the 2013/14 MTREF

This circular provides further guidance to municipalities and municipal entities for the preparation of their 2013/14 Budgets and Medium Term Revenue and Expenditure Framework (MTREF). It must be read together with all previous MFMA Budget Circulars.

CONTENTS

1	KEY FOCUS AREAS FOR THE 2013/14 BUDGET PROCESS	2
2	DIVISION OF REVENUE BILL 2013	3
2.1	ADDITIONAL ALLOCATIONS TO LOCAL GOVERNMENT 2013.....	3
2.2	IMPACT OF CENSUS 2011	4
2.3	LOCAL GOVERNMENT EQUITABLE SHARE REVIEW	5
3	MACRO-ECONOMIC PERFORMANCE AND PROJECTIONS	7
3.1	INFLATION FORECASTS.....	7
3.2	EMPLOYEE RELATED COSTS	7
4	REVISING RATES, TARIFFS AND OTHER CHARGES.....	8
4.1	ESKOM BULK TARIFF INCREASES	8
4.2	INCLINING BLOCK TARIFFS (IBT) FOR ELECTRICITY	8
4.3	PROCESS FOR NERSA APPROVAL OF MUNICIPAL ELECTRICITY TARIFFS	9
5	REPORTING.....	10
5.1	UNBUNDLING OF DEBTORS FIGURES	10
5.2	INVESTMENTS	10
5.3	VARIANCES BETWEEN 4 TH QUARTER SECTION 71 RESULTS AND ANNUAL FINANCIAL STATEMENTS	11
5.4	APPROPRIATION STATEMENT (RECONCILIATION: BUDGET AND IN-YEAR PERFORMANCE).....	11
5.5	ADDITIONAL IN-YEAR REPORTING REQUIREMENTS	12
5.6	MUNICIPAL WATER INFRASTRUCTURE GRANT AND NON-REVENUE WATER.....	12
5.7	INTEGRATED CITY DEVELOPMENT GRANT	13
6	FUNDING CHOICES AND MANAGEMENT ISSUES.....	13
6.1	BENEFITS TO COUNCILLORS AND MAYORS	13
6.2	CELLULAR TELEPHONE (MOBILE) AND DATA CONTRACT POLICY	14
7	CONDITIONAL TRANSFERS TO MUNICIPALITIES.....	14
7.1	TIMING OF MUNICIPAL CONDITIONAL GRANT TRANSFERS	15
7.2	PAYMENT SCHEDULE FOR TRANSFERS	16
7.3	PROVINCIAL PAYMENT SCHEDULES	16
7.4	RESPONSIBILITIES OF TRANSFERRING AND RECEIVING AUTHORITIES.....	16
7.5	UNSPENT CONDITIONAL GRANT FUNDS FOR 2012/13	16
7.6	CRITERIA FOR THE ROLLOVER OF CONDITIONAL GRANT FUNDS	17
7.7	REPORTING AND ACCOUNTING FOR MUNICIPAL APPROVED CONDITIONAL GRANT ROLL-OVERS	18
8	THE MUNICIPAL BUDGET AND REPORTING REGULATIONS.....	18
8.1	ASSISTANCE WITH THE COMPILATION OF BUDGETS	19
8.2	BUDGET COMPLIANCE AND BENCHMARKING PROCESSES.....	19
8.3	CERTIFICATION THAT BUDGET IS CORRECTLY CAPTURED	20
9	BUDGET PROCESS AND SUBMISSIONS FOR THE 2013/14 MTREF.....	20
9.1	SUBMITTING BUDGET DOCUMENTATION AND SCHEDULES FOR 2013/14	20
9.2	BUDGET REFORM RETURNS TO THE LOCAL GOVERNMENT DATABASE FOR PUBLICATION	21
9.3	PUBLICATION OF BUDGETS ON MUNICIPAL WEBSITES	22
9.4	PUBLICATION OF MUNICIPAL BUDGETS ON NATIONAL TREASURIES WEBSITE	22
	ANNEXURE A – CHANGES TO SCHEDULE A1.....	24
	ANNEXURE B – APPROPRIATION STATEMENT (RECONCILIATION: BUDGET AND IN-YEAR PERFORMANCE)	25

1 Key focus areas for the 2013/14 budget process

The 2013 Budget Review notes that spending plans outlined in the 2013 Budget continue to support government's commitment to broadening service delivery and expanding investment in infrastructure, while taking account of the constrained fiscal environment. South Africa's economy has continued to grow, but at a slower rate than projected at the time of the 2012 Budget. GDP growth reached 2.5 per cent in 2012 and is expected to grow at 2.7 per cent in 2013, rising to 3.8 per cent in 2015. Inflation has remained moderate, with consumer prices rising by 5.7 per cent in 2012 and projected to increase by an average of 5.5 per cent a year over the period ahead.

Municipalities are reminded that the economic outlook is, however constrained by a difficult global environment and domestic restructuring. Due to lower-than-projected economic growth and revenue underperformance, government has adjusted the spending plans presented in the 2012 Medium Term Budget Policy Statement. Savings have been made at every level of government to moderate the fiscal deficit while supporting economic recovery. Expenditure has been trimmed in areas that will not adversely affect service delivery, or where programmes are underperforming. Within this economic climate the budget framework still provides for average annual real growth in consolidated government spending of 2.3 per cent over the MTEF period.

The medium-term expenditure framework (MTEF) uses the National Development Plan (NDP) as a point of departure. The NDP sets out an integrated strategy for accelerating growth, eliminating poverty and reducing inequality by 2030. The NDP supported by the New Growth Path and other programmes provides a platform to look beyond the current constraints to the transformation imperatives over the next 20 to 30 years. The NDP emphasises the need to lower the cost of living for households and reduce the cost of doing business for small and emerging enterprise. These objectives need to take into account fiscal sustainability, which ensures that progress will not be interrupted or reversed. This will also entail shifting the composition of spending from consumption towards capital investment.

Government already funds many of the programmes highlighted in the NDP. Road and rail infrastructure, for example, receive significant support over the three-year spending period and there will be major investments in public transport and human settlements. The economic competitiveness and support package will receive R14.9 billion over the spending period to give effect to various growth policies, including the New Growth Path and the Industrial Policy Action Plan. The Minister of Finance stated in his 2013 Budget Speech:

"The NDP reminds us that South Africa needs to invest in a strong network of economic infrastructure designed to support the country's medium- and long-term economic and social objectives".

Expenditure-control systems across government will be revised over the period ahead. There will be tighter rules for intergovernmental transfers, especially for infrastructure projects. Measures will be taken in supply chain management to make it harder for tender processes to be manipulated and to avoid situations where government pays above-market prices for goods and services, including local government.

Given the economic realities and the fact that recovery is likely to be slow, municipalities are once again reminded to adopt a conservative approach when projecting their expected revenues and cash receipts. Municipalities should also pay particular attention to the affordability of tariff increases especially on main services, managing all revenue and expenditure and cash streams effectively, and carefully evaluating all spending decisions.

Considering the accountability cycle of local government, municipalities are urged to carefully consider the objectives of the NDP and National Growth Path. As a sphere of government, municipalities are required to incorporate the objectives of these initiatives after consideration of the Spatial Development Frameworks (SDF) into their Integrated Development Plan (IDP) which should directly inform prioritised budget allocations within the medium-term revenue and expenditure framework (MTREF) of each municipality. Other variables that also need to be considered while compiling the 2013/14 MTREF budgets include the impact of 2011 Census on the IDP and more specifically backlogs and the 'poorest of the poor' (indigent), as well as spatial targeting of infrastructure investment.

Municipalities will have to revise their spending plans and reprioritise funds to ensure key objectives are achieved and well-performing programmes are supported. Expenditure plans need to reflect both the medium-term investment plans and long-term goals identified in the National Development Plan. Over the next three years, government, as a whole, will have to learn to do more with less. The efficiencies that are achieved will protect public finances and enable the country to accelerate development when economic conditions improve. Local government must ensure that efficiency gains, eradication of non-priority spending and the reprioritisation of expenditure relating to core infrastructure inform the next planning framework of all municipalities.

2 Division of Revenue Bill 2013

2.1 Additional allocations to local government 2013

The 2013 Budget Review and the 2013 Division of Revenue Bill indicate that over the 2013 MTEF, R277.7 billion will be transferred directly to local government and a further R21.5 billion has been allocated to indirect grants. Direct transfers to local government in 2013/14 account for 8.9 per cent of national government's non-interest expenditure and when indirect transfers are included this amount rises to 9.5 per cent. An amount of R5.4 billion is added to the local government equitable share to meet the rising costs of providing municipal services and to help rural municipalities, and R9.2 billion is added to direct conditional grants, which include the new municipal water infrastructure, public transport network operations and integrated city development grants. A further R5 billion is added to indirect transfers, through which national departments and public entities provide infrastructure and services on behalf of municipalities.

Local government allocations receive additional funds to address among others:

- Compensate for the rising costs of providing free basic water and electricity to poor households;
- Accelerate provision of access to clean water through bulk and reticulation projects;
- Accelerate provision of access to electricity and improving the sustainability of access through the refurbishment of key infrastructure;
- Expand the collection and use of data on the condition of municipal roads;
- Increasing the number of interns with infrastructure-related skills working in municipalities;
- Host the 2014 African Nations Championship (once off grant); and
- Promote more spatially integrated and efficient cities.

This means the baseline allocations to local government for the 2013/14 are R40.6 billion to the local government equitable share and R34.5 billion for conditional grants, capacity building and other. By 2015/16 these allocations are envisaged to have increased to R50.2 billion and R40.6 billion respectively. Municipalities must ensure that their tabled budgets

reflect the equitable share and conditional grant allocations set out in the 2013 Division of Revenue Bill.

This document is available on National Treasury's website at:

<http://www.treasury.gov.za/documents/national%20budget/2013/default.aspx>

In addition, National Treasury will send out 'allocation letters' informing each municipality of its equitable share, national conditional grants and provincial transfers (as reflected in the relevant provincial budget and gazette).

2.2 Impact of Census 2011

The results of the latest national census were released by Statistics South Africa in October 2012. According to the 2011 Census, the population of some municipalities grew by over 50 per cent between 2001 and 2011, while others experienced a decline in population. Some provinces recorded significantly smaller populations in the 2011 Census than had been previously estimated, including KwaZulu-Natal, Eastern Cape, Limpopo and the Free State. Gauteng has the highest population increase of close to 1 million people. Transfers to municipalities will significantly be affected by this data as the data used in the local government equitable share and municipal infrastructure grant have been updated to reflect these changes.

In future the local government equitable share formula data for the number of households and those falling below the affordability threshold per municipality will be updated each year using average annual household growth in each municipality between the 2001 and 2011 Census. This data will be used to estimate future growth. The estimated total number of households reflected in the formula will be adjusted each year to balance with Statistics South Africa's mid-year population estimate (for the purposes of calculating these estimates, it will be assumed that average household size remains constant in future years). It is assumed that municipalities that experienced negative household growth between 2001 and 2011 will have zero growth in future. The credibility of estimates will be constantly reviewed and this methodology will be updated to reflect any municipal-level population estimates endorsed by Statistics South Africa or any municipal-level survey or census.

Census data used in the local government equitable share formula is available at:

http://www.statssa.gov.za/publications/Census%202011_data_supplied_to_National_Treasury.asp

Statistics South Africa has indicated that the detailed 2011 Census data per municipality will be made available at the end of March 2013. Municipalities must ensure they carefully analyse and evaluate the results; the 2011 Census results will have to be incorporated into the planning framework of all municipalities especially as it relates to backlogs in services, bulk master infrastructure plans and integrated infrastructure expansion.

2.3 Local Government Equitable Share Review

In terms of section 227 of the Constitution, local government is entitled to an equitable share of nationally raised revenue to enable it to provide basic services and perform its allocated functions. The local government equitable share is an unconditional transfer that supplements the income that municipalities can raise from the sources of own revenues available to them (including property rates and service charges). The equitable share provides funding for municipalities to deliver free basic services to poor households and subsidises the cost of administration and other core services for those municipalities that have the least potential to cover these costs from their own revenues.

The share of national revenue allocated to local government through the equitable share is determined in the national budget process and endorsed by Cabinet (the vertical division). Local government's equitable share is divided among the country's 278 municipalities using a formula (the horizontal division); this formula has been amended and updated and will be introduced in 2013/14, following a review conducted by the National Treasury, the Department of Cooperative Governance and the South African Local Government Association, with assistance from the Financial and Fiscal Commission and Statistics South Africa, as well as extensive consultation with municipalities.

The formula applies a revenue-adjustment factor that will direct funding for institutional and community services to municipalities that cannot meet these costs from their own revenues. The new formula and updated population data (2011 Census) will result in significant changes in allocations to local governments. More funding will be allocated to municipalities that have higher poverty rates and consequently less ability to raise their own revenue.

The local government equitable share formula uses demographics and other data to determine each municipality's share of the local government equitable share. It has three parts, made up of five components:

- The first part of the formula consists of the *basic services component*, which provides for the cost of free basic services for poor households.
- The second part enables municipalities with limited own resources to afford basic administrative and governance capacity and perform core municipal functions. It does this through three components:
 - The *institutional component* provides a subsidy for basic municipal administrative costs.
 - The *community services component* provides funds towards the provision of core municipal services not included under basic services.
 - The *revenue adjustment factor* ensures that funds from this part of the formula are only provided to municipalities with limited potential to raise own revenues. Municipalities least able to fund these costs from their own revenues should receive the most funding.
- The third part of the formula provides predictability and stability through a *correction and stabilisation factor*, which ensures that all of the formula's guarantees can be met.

The structure of the formula is summarised in the box below:

Structure of the local government equitable share formula

$$LGES = BS + (I + CS) \times RA \pm C$$

where

LGES is the local government equitable share

BS is the basic services component

I is the institutional component

CS is the community services component

RA is the revenue adjustment factor

C is the correction and stabilisation factor

The new formula for the local government equitable share provides more households with a subsidy for free basic water, electricity, sanitation and refuse-removal services. For the 2013 MTEF, the indicative allocations for 2014/15 and 2015/16 have been calculated assuming electricity bulk price increases of 16 per cent, water bulk increases of 7.2 per cent, inflation of 5.1 per cent in 2014/15 and 4.9 per cent in 2015/16 and household growth in line with the period between 2001 and 2011. These variables will be updated in future budgets to reflect any changes in the growth in prices or estimates of population growth. Such updates will result in changes to the allocations to municipalities, and indicative allocations for future years will change to reflect adjustments in these variables.

The threshold for receiving free basic services rises from R800 per month (in 2001 prices) to R2 300 per month (in 2011 prices). The formula also provides funds for the institutional costs of municipalities and for community services; such as parks, recreation and fire fighting.

Importantly, although the affordability threshold that informs the equitable share formulae is set at R2 300 per month, municipalities are not specifically required to use this threshold in their individual indigent policies. Where municipalities have a different affordability threshold than the R2 300 per month as part of their indigent policy, they would need to clearly justify this position in the narrative to the budget document. As part of the Municipal Budget and Benchmark Engagements, National Treasury and the respective provincial treasuries will assess this component of the municipality's indigent policy.

With the introduction of the new equitable share formula and the updated 2011 Census data used in the formula, some municipalities will experience large changes in their equitable share allocations. To smooth the impact of these changes and give municipalities time to adjust (both for municipalities with increasing and decreasing allocations), the new allocations will be phased in over five years. For municipalities with smaller allocations under the new formula, the phase-in mechanism will measure the difference between the municipality's old and new allocations and will close this gap by 20 per cent each year. This means that in the first year, a municipality will only experience a change equivalent to 20 per cent of the gap between their allocations under the old and the new formulas, in the second year they will experience a 40 per cent change, and so on until in the fifth year their allocation is determined entirely through the new formula.

In compiling their 2013/14 MTREF Budgets municipalities must ensure they accurately budget for the actual gazetted equitable share allocations as per the 2013 DoRA.

A full description of the new formula is provided in Annexure W1 (Explanatory memorandum to the division of revenue). This document as well as a summary version of the formula are available on National Treasury's website at:

<http://www.treasury.gov.za/documents/national%20budget/2013/review/default.aspx>

In addition, more details on how the cost estimates were calculated can be found in the discussion paper on the proposed structure of the new local government equitable share formulae. This document is available on National Treasury's website at:

http://mfma.treasury.gov.za/Media_Releases/LGESDiscussions/Pages/default.aspx

3 Macro-economic performance and projections

3.1 Inflation forecasts

Municipalities must take the following macro-economic forecasts into consideration when preparing their 2013/14 budgets and MTREF –

Fiscal year	2010/11 Actual	2011/12 Actual	2012/13 Estimate	2013/14	2014/15 Forecast	2015/16
Real GDP growth	3.4	3.1	2.5	3.0	3.6	3.8
CPI inflation	3.8	5.6	5.6	5.6	5.4	5.4

Source: Budget Review 2013

Note that the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

3.2 Employee related costs

Municipalities must take into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1.25 per cent for the 2013/14 financial year.

In this regard municipalities are advised that average CPI for this period is 5.6 per cent. Municipalities are therefore advised to provide for increases related to salaries and wages for the 2013/14 budget year of 6.85 per cent (5.6 per cent plus 1.25 per cent). The agreement also provides for a 1 per cent increase for the 2014/15 financial year. In this regard, municipalities may provide for a 6.4 per cent (5.4 per cent plus 1 per cent) increase for the 2014/15 budget year.

Municipalities are once again reminded to accurately budget for actual positions and vacancies as per the organisational structure of the municipality and notch increments where applicable. Municipalities are also required to accurately complete supporting tables SA22 (Summary councillor and staff benefits), SA23 (Salaries, allowances and benefits of political office bearers/councillors/senior managers) and SA24 (summary of personnel numbers) as part of the Municipal Budget and Reporting Regulations. Municipalities are also required to provide a narrative to the budget document explaining the personnel numbers and budget appropriations.

4 Revising rates, tariffs and other charges

In addition to the issues dealt with in MFMA Budget Circular 66, municipalities are advised to note the following:

4.1 Eskom bulk tariff increases

The Eskom price increase of bulk electricity supplied to municipalities will increase by 8 per cent on 1 July 2013. NERSA approved an annual 8 per cent increase in the bulk price of electricity in terms of the third multi-year price determination application applicable for the period 2013/14 to 2017/18. The full media statement detailing NERSA's decision to approve an 8 per cent increase can be accessed at: www.nersa.org.za.

NERSA is in the process of determining a guideline increase for municipal electricity tariffs. They have indicated that they will only be in a position to finalise this guideline by the end of March 2013. Bulk electricity as a cost driver can contribute as much as 75 per cent of municipalities' electricity function, and considering that the average wage increase (a significant cost component of the municipal electricity function) for the 2013/14 Financial Year is 6.85 per cent (5.6 per cent plus 1.25 per cent) municipalities are advised to limit electricity increases to between 7.5 and 8.0 per cent. National Treasury will consult with NERSA on the methodology applied in determining the municipal tariff increase and communicate with all municipalities once the final guideline is available (envisaged for the end of March 2013).

Municipalities are urged to examine the cost structure of their electricity undertakings and apply to NERSA for electricity tariff increases that are cost reflective to ensure continued financial sustainability.

National Treasury supports the use of the following formula, proposed by NERSA, for calculating municipal electricity tariff increases:

$$MG = (B \times BPI) + (S \times SI) + (R \times RI) + (C \times CCI) + (OC \times OCI)$$

Where:

MG = % Municipal Guideline Increase
B = % Bulk purchases
BPI = % Bulk purchase increase
S = % Salaries
SI = % Salaries increase
R = % Repairs
RI = % Repairs increase
C = % Capital charges
CCI = % Capital charges increase
OC = % Other costs
OCI = % Other costs increase

All cost shares and increases must relate to the electricity function of the municipality

Where a municipality's evaluation of its cost structure results in a lower or higher tariff increase to that proposed by NERSA, the municipality must structure its tariffs accordingly and ensure it provides the necessary motivation and information in its tariff application to NERSA.

4.2 Inclining block tariffs (IBT) for electricity

Municipalities are urged to design an IBT structure that is appropriate to its specific circumstances, and maintains an appropriate balance between 'low income customers' and other domestic, commercial and business customers, and the financial interests of the municipality.

It is also important that any proposed IBT is fully aligned to the principles set out in the *South African Electricity Supply Industry: Electricity Pricing Policy* (EPP), including the principle that electricity tariffs must be cost reflective and that any cross-subsidies should be explicit.

A municipality must ensure that it provides the necessary motivation and information to NERSA in its tariff application. In this regard, municipalities should pay careful attention to determining an appropriate level of cross-subsidisation between the different IBT blocks given the profile of its customer base, and also have regard for the price elasticity of the demand for electricity.

4.3 Process for NERSA approval of municipal electricity tariffs

It is important that municipalities and NERSA work together to ensure that the process of approving electricity tariffs does not disrupt the process of compiling municipal budgets or compromise community consultations on the budget. In terms of section 43 (2) of the MFMA, the Minister of Finance may, on good grounds, approve that tariffs determined by NERSA after 15 March 2013 be implemented by municipalities from 1 July 2013.

Owing to the delay in finalising Eskom's approved tariff increase (announced 28 February 2013) NERSA has indicated that this would affect the timelines in the determination of the municipal guideline tariff. As a result, NERSA does not anticipate meeting the 15 March 2013 deadline and has applied to the Minister for extension, as provided for in Section 43 of the MFMA.

Considering the pending extension application by NERSA, municipalities are advised as follows, as it relates to NERSA's regulatory process over municipal electricity tariff determination:

- Municipalities are to formulate their electricity tariff structures for the 2013/14 budgets and MTREF's based on the indicative 7.5 to 8.0 per cent increase as discussed in paragraph 4.1 above. This must inform the tabled 2013/14 budget and MTREF prior to community consultation. Please note that this is an indicative increase for budget preparation purposes and does not replace the formal NERSA processes. As soon as available, the indicative electricity tariff increase needs to be updated in terms of NERSA's approved tariff increase for 2013/14;
- Submit a tariff application to NERSA containing all the required information as soon the budget is tabled in council prior community consultation; the latest possible date being 31 March 2013. Municipalities are however urged to supply NERSA with their tariff applications earlier than this date to facilitate the entire process; and
- NERSA is to finalise the municipal electricity determination process by the 26 April 2013, including formal feedback to municipalities for incorporation into the final 2013/14 budgets and MTREF.

Municipalities are once again reminded to submit all outstanding D-forms to NERSA. The deadline for submission was 30 October 2012. NERSA will not be in a position to evaluate municipal tariff applications in the absence of complete D-forms.

It has come to the attention of National Treasury that several municipalities impose electricity tariff increases without undergoing the necessary NERSA tariff application process. Municipalities should take note that the NERSA electricity tariff application process is a legislative requirement and municipalities that fail to adhere to the application process are acting outside the ambit of the law.

5 Reporting

Currently all 278 municipalities report through the section 71 in-year reporting framework to both the National Treasury and respective provincial treasuries as informed by the MFMA and Municipal Budget and Reporting Regulations (MBRR). In terms of the local government reform roadmap, the next step will be to improve the quality and reliability of reported financial performance. To this end, with effect of 1 July 2013 various refinements and amendments will be made to the section 71 in-year reporting framework which municipalities need to be aware of and proactively gear themselves for full compliance and implementation.

5.1 Unbundling of debtors figures

The MBRR and section 71 in-year reporting framework provides for the disclosure of outstanding debtors and the age analysis of all outstanding debtors. Budget Table A6 (Statement of Budgeted Financial Position) of the MBRR provides for the disclosure of outstanding debtors at an aggregated level and is supported by Table SA3 (Supporting Detail to Budgeted Financial Position). In terms of the section 71 in-year reporting framework the return form AD: Age Analysis of Debtors is currently utilised in collecting detail relating to outstanding debtors.

Municipalities will be required to further unbundle debtors; in-year reporting refinements will include the unbundling of government debtors into national and provincial departments and the disclosure of the interest component of outstanding debtors separately. This information is critical in unpacking and understanding debt owed to municipalities and the impact of such debt on financial sustainability. This is also required to limit the use of 'other debtors' in the reporting returns; 'other debtors' as a percentage of outstanding debtors is unacceptably high and municipalities are urged to limit the use of 'other debtors'.

Further guidance will be supplied to all municipalities in due course as to the reporting refinements and additional requirements. Municipalities are therefore advised to diligently and attentively budget for all outstanding debtors on Table A6 (Statement of Budgeted Financial Position) of the MBRR and supporting Table SA3 (Supporting Detail to Budgeted Financial Position) as part of the 2013/14 MTREF budget compilation process.

Municipalities are further reminded that the in-year reporting for the balance sheet (which includes outstanding debtors and creditors) must reflect the financial position of the municipality at that point in time (snapshot). Reporting in terms of the Statement of Financial Position (Balance Sheet) must not be informed by monthly movements.

5.2 Investments

The MBRR also provides for the disclosure of all investment information. In terms of the budget, Table A6 (Statement of Budgeted Financial Position) of the MBRR provides for the disclosure of all investments at an aggregated level and is supported by Table SA15 (Investment Particulars by Type) and Table SA16 (Investment particulars by maturity); reporting on investments is undertaken through return form BSAC: Statement of Financial Position Actual.

Municipalities will be required to further unbundle investments aligned to the reporting requirements contained in the supporting tables to the MBRR (Table SA15 and Table SA16). Further guidance will be supplied to all municipalities in due course as to the reporting refinements and additional requirements. Municipalities are therefore advised to diligently and attentively budget for all investments on Table A6 (Statement of Budgeted Financial Position) of the MBRR and supporting Tables SA15 and SA16 (Investment particulars by type and maturity).

5.3 Variances between 4th quarter section 71 results and annual financial statements

In terms of the verification process for the fourth quarter of the 2011/12 financial year, differences have been observed by National Treasury between the section 71 in-year reported figures and the figures contained in the 2011/12 annual financial statements for both the debtors and creditors age analyses (electronic return forms AD and AC). Ideally these two sources of municipal performance and financial position information should reconcile, which is currently not the case.

Municipalities are reminded that the section 71 in-year reporting framework provides the basis for National Treasury's monitoring and oversight. The Local Government Database is utilised in the compilation of various publications such as the Quarterly Section 71 Publication, State of Local Government Finances Report, and the biennial Local Government Budget and Expenditure Review as well as acting as an early warning system for local government. In addition, the aggregated outcomes are utilised in the formulation of policy responses to local government such as funding and grant structures. It's therefore extremely important that the reported figures are a true reflection of the municipality's performance and financial position, regardless of source.

Although National Treasury understands that the time lapse between the fourth quarter and finalization of the annual financial statements could result in the restating of figures, we would expect these variances to be restricted to a minimum. Significant variances indicate that the municipality merely completes and report through Section 71 as a compliance requirement and limited care is applied in ensuring the accuracy of year-end results. Variances of up to 100 per cent have been observed between the 4th quarter reported balances for outstanding creditors and debtors and that of the AFS.

As part of the current verification process National Treasury has determined a variance threshold of 10 per cent between figures reported in the 4th quarter of the 2011/12 financial year for outstanding creditors and debtors when compared to the AFS. Where variances are in excess of the 10 per cent threshold, those municipalities will receive correspondence in due course affording them an opportunity to clarify and rectify these differences and also to indicate proposed remedial actions to be instituted to avoid similar occurrences in future.

5.4 Appropriation statement (Reconciliation: Budget and in-year performance)

In terms of the Standards of GRAP 24 on Presentation of Budget Information in Financial Statements municipalities are required to present their original and adjusted budgets against actual outcome in the annual financial statements; this is considered an appropriation statement and the comparison between the budget and actual performance should be a mirror image of each other as it relates to the classification and grouping of revenue and expenditure as has been the case in a national and provincial context. This statement is subject to auditing and accordingly supporting documentation would be required to substantiate the compilation of this statement.

Municipalities will be required to populate a comprehensive appropriation statement (reconciliation between budget, adjustments budget and yearend position) with the compilation of the 2012/13 annual financial statements.

As part of the SCOA classification process perfect alignment between the Municipal Budget and Reporting Regulations and specimen annual financial statements will facilitate the compilation of an appropriation statement and ensure compliance to the Standards of GRAP 24.

During the compilation of the 2013/14 MTREF budgets, municipalities need to carefully consider how revenue and expenditure appropriations are classified with the objective of facilitating the compilation of a comprehensive yearend appropriation statement for the 2013/14 AFS. The format of the appropriation statement is attached as Annexure B. The complete Excel document can be accessed on the National Treasury website at:

<http://mfma.treasury.gov.za/Circulars/Pages/default.aspx>

5.5 Additional in-year reporting requirements

In future municipalities will be required to provide additional information and supporting documentation to the National Treasury as part of the submission of the Section 71 input forms. This information will assist in improving the quality of the quarterly published local government performance information. Additional information and supporting documentation includes:

- An extract of the trial balances from the general ledger;
- Copies of the actual monthly bank statements (reflecting the opening and closing bank balances) for the primary bank account;
- Bank reconciliation for the reporting period in the primary bank account; and
- Copies of the quarterly tabled section 71 documents in the prescribed Schedule C format including the applicable council resolution.

5.6 Municipal water infrastructure grant and non-revenue water

The 2013 DoRA introduces a new grant namely; the Municipal Water Infrastructure Grant to be administered by the Department of Water Affairs. The grant is aimed at accelerating the delivery of clean water to communities that do not have access to basic water services. The grant provides funding for municipalities to plan and implement various projects; including the construction of new infrastructure and the refurbishment and extension of existing water schemes. The grant has an allocation of R4.3 billion over the 2013 MTEF. Access to clean water must be considered a strategic priority for local government, especially when considering objectives of the new Municipal Water Infrastructure Grant.

According to the latest National Non-Revenue Water Assessment Report ([The state of non-revenue water in South Africa, Report TT522-12](#); www.wrc.org.za); recently released by the Water Research Commission and the Department of Water Affairs, more than 50 per cent of municipalities cannot provide a water balance. These municipalities cannot determine whether demand for water exceeds supply or quantify the extent to which non-revenue water influences water security and financial sustainability.

Considering this strategic imperative, managing non-revenue water becomes a critical aspect of accelerating the delivery of clean water to communities. Municipalities are required to ensure appropriate measurement and reporting of all water losses as per the national targets, and to ensure a common understanding and alignment between technical and financial departments on water loss issues. Inconsistencies have been observed in the methodology applied by municipalities in reporting water losses.

Municipalities are reminded that they are required to report on both apparent (commercial) and real (physical) losses as per the Modified International Water Association (IWA) Water Balance for South Africa. Municipalities are referred to the 2011 Local Government Budget and Expenditure Review (pages 131 to 140) for further information. The document can be accessed at:

<http://www.treasury.gov.za/publications/igfr/2011/lq/default.aspx>

In addition municipalities can email Paul Herbst (HerbstP@dwa.gov.za) at the Department of Water Affairs should further assistance be required in applying the measures.

The water balance and non-revenue water statistics needs to be updated on at least a quarterly basis and reported to the SALGA's benchmarking system at <http://www.munibench.co.za/>. This data will subsequently be shared with other stakeholders including municipalities for the purpose of benchmarking municipal progress and performance. It is also the intention of National Treasury to include this information in the quarterly section 71 publications and all municipalities are urged to ensure they accurately report this information going forward.

5.7 Integrated City Development Grant

The Integrated City Development Grant is a new grant introduced in the 2013 DoRA that can potentially be accessed by metropolitan municipalities. The grant will support metropolitan municipalities to identify and establish integration zones within cities, including the establishment of measureable performance objectives, indicators and targets. Metropolitan municipalities will also be assisted to plan and programme a series of catalytic investments within these integration zones. The establishment of the zones will firstly, allow all public interventions to be focussed in an identified spatial context in order to leverage a private investment response. Secondly, it will enable all spheres of government to measure and manage the change of the spatial form and pace in our cities.

Metropolitan municipalities are currently participating in the development of indicators that will be used to measure and reward performance in subsequent years of the grant. The indicators will eventually need to be mainstreamed into city planning (such as the IDP and SDBIP) and budgeting.

Guidelines for the implementation of the Integrated City Development Grant will be made available in due course to all the metropolitan municipalities.

6 Funding choices and management issues

6.1 Benefits to councillors and mayors

In terms of section 167(2) of the MFMA, any remuneration paid in cash or kind to a person as a political office-bearer or as a member of a political structure of a municipality, other than is provided for in the framework of the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998), is regarded as irregular expenditure. This remuneration includes any bursary, loan, advance or other benefit.

[The Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils \(Government Gazette No. 35962\)](#) creates allowance for 'tools of trade'. As defined in the Gazette, tools of trade are the resources or enabling facilities provided by a municipal council to a councillor to enable effective and efficient fulfilment of his/her duties in the most cost effective manner, and at all times remain the assets of the municipality. Section 14 of the Gazette details the tools of trade that may be extended to councillors. Government Gazette No. 35962 can be accessed at:

<http://www.info.gov.za/view/DownloadFileAction?id=180122>

Municipalities are reminded to adhere strictly to the gazetted limits and provisions.

In the event that expenditure outside the set limits has already been incurred, the municipality must recover that remuneration from the political office-bearer or member and may not write-off any expenditure incurred in paying or giving that remuneration. This expenditure will be

classified as irregular expenditure and the Auditor General will be instructed to audit accordingly.

6.2 Cellular telephone (mobile) and data contract policy

It has to come to the attention of National Treasury that there are efficiency leakages in the way that municipalities manage costs associated with cellular telephones and mobile data (3G). National Treasury has come across instances where municipalities are spending tens of thousands on individual contracts per month. This situation must be urgently addressed by all municipalities in ensuring cost efficiency and value for money for the tax payer.

Where such a policy is not already in place, municipalities are required to compile and approve a cellular telephone (mobile) and data (3G) policy with effect of 1 July 2013. The policy must set upper monthly limits for costs associated with these expenses and the 2013/14 MTREF budget must be compiled in line with these limits.

National Treasury will request the Auditor General to audit against the policy for the 2013/14 financial year and where it is found that expenditure was incurred outside the limits contained in the policy framework, such expenditure will be classified as fruitless and wasteful expenditure as part of the 2013/14 audit finding.

7 Conditional transfers to municipalities

Section 214 of the Constitution provides for national government to transfer resources to municipalities in terms of the annual Division of Revenue Act (DoRA) to assist them in exercising their powers and performing their functions. These allocations are announced annually in the national budget. Transfers to municipalities from national government are supplemented with transfers from provincial government. Further, transfers are also made between district municipalities and local municipalities.

The DoRA provides for funds to be allocated in different 'schedules'. Each of the schedules provide for grants of a particular type as follows:

Schedule 1		Equitable division of revenue raised nationally among the three spheres of government
Schedule 2		Determination of each province's equitable share of the provincial sphere's share of revenue raised nationally (as a direct charge against the National Revenue Fund)
Schedule 3		Determination of each municipality's equitable share of the local government sphere's share of revenue raised nationally
Schedule 4	Part A	Allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets
	Part B	Allocations to municipalities to supplement the funding of programmes or functions funded from municipal budgets
Schedule 5	Part A	Specific purpose allocations to provinces
	Part B	Specific purpose allocations to municipalities
Schedule 6	Part A	Allocations-in-kind to provinces for designated special programmes
	Part B	Allocations-in-kind to municipalities for designated special programmes

Schedule 7	Part A	Provision to specifically cater for immediate release of funds to provinces for disaster response
	Part B	Provision to specifically cater for immediate release of funds to municipalities for disaster response

It is important that the transfers applicable to municipalities are made transparently, and properly captured in municipalities' budgets. In this regard, regulation 10 of the *Municipal Budget and Reporting Regulations* provides guidance on when municipalities should reflect a transfer or donation in their budgets. Note that promises of funds that do not meet the requirements set out in regulation 10 must not be included in the municipality's budget.

Municipalities are advised not to accept transfers from national or provincial departments that are not gazetted in terms of the 2013 Division of Revenue Act (once enacted) or the relevant provincial budget, or that are not related to a properly approved agency agreement. Such ad hoc transfers are very often unauthorised expenditure at the national and provincial level, and are invariably related to fiscal dumping.

Also note that grants-in-kind (e.g. capital assets transferred by a district to a local municipality) need to be budgeted for as a 'transfer or grant' on Table A4 by the district municipality (and not on their Table A5 Capital Budget – since the expenditure does not get capitalised), and as a 'contributed asset' on Table A4 by the local municipality, and from there directly on Table A6 Budget Financial Position.

In support of regulation 10 of the *Municipal Budget and Reporting Regulations*, the 2013 Division of Revenue Bill provides that –

1. In terms of section 15, National Treasury is required to publish in the *Government Gazette* the allocations and indicative allocations for all national grants to municipalities;
2. In terms of section 29, each provincial treasury is required to publish in the *Government Gazette* the allocations and indicative allocations per municipality for every allocation to be made by the province to municipalities from the province's own funds; and
3. In terms of section 28, each category C municipality must indicate in its budget all allocations from its equitable share and conditional allocations to be transferred to each category B municipality within the category C municipality's area of jurisdiction.

The Government Gazette reflecting the allocations and indicative allocations for all national grants to municipalities will be available within 14 days of the 2013 Division of Revenue Act being signed into law at the following address:

<http://www.treasury.gov.za/legislation/bills/2013/Default.aspx>

In addition, National Treasury publishes a payment schedule that sets out exactly when the equitable share and national conditional grant funds are to be transferred to municipalities. This will be available at:

http://mfma.treasury.gov.za/Media_Releases/Municipal%20Payment%20Schedule/Pages/default.aspx

7.1 Timing of municipal conditional grant transfers

In order to facilitate synchronisation of the national / provincial financial year (1 April to 31 March) with the municipal financial year (1 July to 30 June), the 2013 Division of Revenue Bill requires that all equitable share and Schedule 4 and 5 conditional allocations to municipalities must be transferred to municipalities within the period 1 July 2013 to 31 March 2014. Municipalities must not accept any equitable share, Schedule 4 and Schedule 5 transfers from national or provincial departments outside of these timeframes.

National and provincial departments are also advised to only transfer other grant funds and to only make agency payments to municipalities within the period 1 July 2013 to 31 March 2014. This is to ensure the municipality is able to include such funds on its budget for 2013/14 and to ensure that reporting on the use of the funds is properly aligned across the national, provincial and municipal financial years.

7.2 Payment schedule for transfers

National Treasury has instituted an automated payment system for transfers to municipalities in order to ensure appropriate safety checks are put in place.

Section 22 of the 2013 Division of Revenue Bill requires transfers to municipalities to be made as per the approved payment schedule published by National Treasury. Through this system, any transfers not in line with the payment schedule will be rejected. In addition, *if the payment details of the municipality are not up-to-date the transfers will also be rejected.*

7.3 Provincial payment schedules

The payment schedules that provincial treasuries are required to submit to National Treasury in terms of section 29(5) of the 2013 Division of Revenue Bill will be published on National Treasury's website, along with the national payment schedule.

7.4 Responsibilities of transferring and receiving authorities

The legal obligations placed on transferring and receiving officers in terms of the 2013 Division of Revenue Bill are very similar to previous requirements. National Treasury intends ensuring strict compliance in order to improve spending levels, and the quality of information relating to the management of conditional grants.

Municipalities are again reminded that compliance with the annual Division of Revenue Act is the responsibility of the municipal manager as the "receiving officer". The municipal manager is responsible for, among other things, the tabling of monthly reports in council on whether or not the municipality is complying with the Division of Revenue Act. He/she is also responsible for reporting on any delays in the transfer or the withholding of funds. Failure on the part of a municipal manager to comply with the Act will have financial implications for the municipality as it will lead to the municipality losing revenue when funds are stopped and/or reallocated.

Where the municipality is unable to comply, or requires an extension, the municipal manager must apply to the National Treasury and provide comprehensive motivation for the non-compliance.

7.5 Unspent conditional grant funds for 2012/13

To bring legal certainty to the process of managing unspent conditional grant funds, section 21 of the 2013 Division of Revenue Bill contains all provisions relating to the treatment of unspent conditional grant funding.

The process to ensure the return of unspent conditional grants for the 2012/13 financial year will be managed in accordance with section 21 of the Division of Revenue Bill. In addition to the previous MFMA circulars, the following practical arrangements will apply –

- Step 1: Municipalities must submit their June 2013 conditional grant expenditure reports according to section 71 of MFMA reflecting all accrued expenditure on conditional grants.

- Step 2: When preparing their annual financial statements a municipality must determine what portion of each national conditional allocation it received remained unspent as at 30 June 2013. These amounts **MUST** exclude all interest earned on conditional grants and all VAT related to conditional grant spending that has been *reclaimed from SARS*, which must be disclosed separately.
- Step 3: If the receiving officer wants to motivate in terms of section 21(5)(b) of the Division of Revenue Bill 2013 that the funds have been spent or are committed to identifiable projects or wants to propose an alternative payment method or schedule the required information must be submitted to National Treasury by 30 August 2013. **National Treasury will not consider any rollover requests that are incomplete (see item 7.6 below) or that are received after this deadline.**
- Step 4: National Treasury will confirm in writing whether or not the municipality may retain as a rollover any of the unspent funds because they are committed to identifiable projects or whether it has agreed to any alternative payment methods or schedules by 1 October 2013.
- Step 5: A municipality must return the remaining unspent conditional grant funds that are not subject of a specific repayment agreement with National Treasury to the National Revenue Fund by 21 October 2013. Failure to return these unspent funds by this date will constitute financial misconduct in terms of section 34 of the Division of Revenue Act.
- Step 6: Any unspent conditional grant funds that should have been repaid to the National Revenue Fund by 21 October 2013 will be offset against the municipality's November equitable share allocation.

All the calculations of the amounts to be surrendered to the National Revenue Fund will be audited by the Auditor-General.

7.6 Criteria for the rollover of conditional grant funds

Municipalities may not rollover unspent conditional grant spending in terms of section 28(2)(e) of the MFMA (read together with regulation 23(5) of the Municipal Budget and Reporting Regulations) because they are national/provincial funds. The applicable rollover process is then given effect through the municipal adjustments budget in January/February each year for all the cash/transfers that had already been transferred to the bank accounts of municipalities prior to the end of the financial year. In this regard refer to MFMA Budget Circular No. 51 for more information.

Section 21 of the 2013 Division of Revenue Bill requires that any conditional grants which are not spent at the end of the municipal financial year must revert to the National Revenue Fund, unless the receiving officer proves to the satisfaction of National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When applying to retain unspent conditional allocations committed to identifiable projects or requesting a rollover in terms of section 21(2) of the Division of Revenue Act, municipalities must supply National Treasury with the following information –

1. A formal letter addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of section 21(2) of the 2013 of DoRA;
2. List of all the projects that are linked to the unspent conditional grants;
3. Evidence that work on each of the projects has commenced, namely either of the following:
 - a. Proof that the project tender was published and the period for tender submissions closed before 30 June; or
 - b. Proof that a contract for delivery of the project was signed before 30 June.

4. A progress report on the state of implementation of each of the projects;
5. The amount of funds committed to each project, and the conditional allocation from which the funds come;
6. An indication of the time-period within which the funds are to be spent; and
7. Proof that the Chief Financial Officer is permanently appointed. ***No rollover requests will be considered for municipalities with vacant or acting chief financial officers.***

If any of the above information is not provided or the application is received by National Treasury after 30 August 2013, the application will be declined.

In addition, National Treasury will also take into account the following information when assessing rollover applications, and reserves the right to decline an application if there is non-performance by the municipality in any of these areas:

1. Compliance with the in-year reporting requirements in sections 71 and 72 of the MFMA and section 12 of the 2013 DoRA, including the municipal manager and chief financial officer signing-off on the information sent to National Treasury;
2. Submission of the pre-audit Annual Financial Statements information to National Treasury by 31 August 2013;
3. Accurate disclosure of grant performance in the 2012/13 pre-audit Annual Financial Statements; and
4. Cash available in the bank as at 30 June 2013 to finance the roll-over request.

When approving any rollover requests, National Treasury will use the latest conditional grant expenditure information available at the time, which in this instance is likely to be the disclosure of grant performance in the 2012/13 pre-audit Annual Financial Statements which need to be concluded by 31 August 2013.

7.7 Reporting and accounting for municipal approved conditional grant roll-overs

A municipality must report separately on the spending of conditional grant funds that are rolled over. National Treasury has provided a separate reporting template to facilitate this. This template must be submitted together with the normal template for reporting conditional grant spending for the current year. The template is available at the following link:

http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx

8 The Municipal Budget and Reporting Regulations

National Treasury has released Version 2.5 of Schedule A1 (the Excel Formats). This version incorporates minor changes (see Annexure A). **Therefore ALL municipalities MUST use this version for the preparation of their 2013/14 Budget and MTREF to be tabled by the latest 29 March 2013.**

Download Version 2.5 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver services by facilitating improved financial sustainability and better medium term planning. The regulations, formats and associated guides etc. are available on National Treasury's website at: <http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

8.1 Assistance with the compilation of budgets

If you require advice with the compilation of your budgets, the budget documents or Schedule A1 please direct your enquiries as follows:

Municipalities in...	Responsible NT officials	Tel. No.	Email
Eastern Cape	Templeton Phogole Ansie Myburgh	(012) 395 5054 (012) 315 5173	Templeton.Phogole@treasury.gov.za Ansie.Myburgh@treasury.gov.za
Free State	Vincent Malepa Kgomoetso Mokienie	(012) 315 5539 (012) 315 5866	Vincent.Malepa@treasury.gov.za Kgomoetso.Mokienie@treasury.gov.za
Gauteng	Nozipho Molikoe Thabang Manaka	(012) 395 5662 (012) 395 6567	Nozipho.Molikoe@treasury.gov.za Thabang.Manaka@treasury.gov.za
KwaZulu-Natal	Johan Botha Cassandra Mculu	(012) 315 5171 (012) 315 5276	Johan.Botha@treasury.gov.za Cassandra.Mculu@treasury.gov.za
Limpopo	Bernard Mokgabodi Sifiso Mabaso	(012) 315 5936 (012) 315 5952	Bernard.Mokgabodi@treasury.gov.za Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Jordan Maja Anthony Moseki	(012) 315 5663 (012) 315 5174	Jordan.Maja@treasury.gov.za Anthony.Moseki@treasury.gov.za
Northern Cape	Marli van der Woude Mandla Gilimani	(012) 315 5303 (012) 315-5807	Marli.vanderWoude@treasury.gov.za Mandla.Gilimani@treasury.gov.za
North West	Willem Voigt Sadash Ramjathan	(012) 315 5830 (012) 315 5101	Willem.Voigt@treasury.gov.za Sadash.Ramjathan@treasury.gov.za
Western Cape	Vuyo Mbunge Kevin Bell Sonwabise Lupiwana	(012) 315 5661 (012) 315 5725 (012) 395 6554	Vuyo.Mbunge@treasury.gov.za Kevin.Bell@treasury.gov.za Sonwabise.Lupiwana@treasury.gov.za
Technical issues with Excel formats	Ilze Baron	(012) 395 6742	Ilze.Baron@treasury.gov.za

8.2 Budget compliance and benchmarking processes

National Treasury and the provincial treasuries will again assess all the municipalities' tabled budgets against the Compliance Checklist. Where there is substantial non-compliance municipalities will be required to re-table their budgets in council, otherwise municipalities will be expected to make the necessary improvements prior to tabling the budget for approval by 1 June 2013.

In addition, the National Treasury and provincial treasuries will be conducting benchmark budget hearings on the municipalities' tabled budgets during April and early May 2013 to assess whether the budgets are realistic, sustainable and relevant, and the extent to which they are funded in accordance with the requirements of the MFMA. In this regard, National Treasury will communicate further with the non-delegated municipalities, while the provincial treasuries will communicate with their respective delegated municipalities.

Municipalities are reminded that the Municipal Budget and Reporting Regulations provide not only for the technical framework for municipal budgets but also for minimum requirements in terms of the structure of the budget document, including narratives in support of the budget tables. It has come to the attention of the National Treasury that certain municipalities table their annual budgets (MTREF's) in formats other than that of the prescriptions contained in the MBRR. Tabling and adopting a municipal budget (MTREF) in a format other than that of the MBRR constitutes gross financial negligence on the part of the municipality and is outside the legislative framework.

For all practical purposes, a municipal budget that is tabled and adopted by a municipal council in any other format than the prescriptions of the MBRR does not legally constitute a municipal budget.

As part of the budget compliance and benchmarking processes to be undertaken by both the National Treasury and respective provincial treasuries compliance verification will include:

- Level of compliance to the Municipal Budget and Reporting Regulations;
- Verification of the format in which the 2013/14 MTREF budget was tabled in the municipal council. This will include proof of a council resolution in support of the tabled 2013/14 MTREF budget (Schedule A of the MBRR); and
- Budget document that includes narratives to the prescribed table of content and budget tables covering at least Tables A1 to A10.

8.3 Certification that budget is correctly captured

Once the municipal council has adopted the municipal budget in the format of Schedule A the relevant portions of the budgets reflected in Tables A1 to A10 need to be captured on the municipality's financial system so that the municipality can manage its revenue and expenditure against the adopted budget. It has come to National Treasury's attention that many municipalities do not capture their adopted budgets on their financial system, and even those that do, do not 'lock' the adopted budget – meaning that the budget reflected on the system can be changed at any time without following due process.

To eliminate this bad practice, National Treasury hereby requests the accounting officer of each municipality in terms of the section 74 of the MFMA to provide a signed certificate by no later than 15 July 2013 certifying that:

1. The adopted annual budget has been captured on the municipality's financial system, and that there is complete agreement between the budget on the system and the budget adopted by council;
2. That the adopted annual budget on the municipality's financial system is locked; and
3. That the municipality has in place controls to ensure that the budget captured on the financial system can only be changed in accordance with:
 - a. a virement authorised by the municipal manager, or duly delegate official, in terms of a council approved virements policy; and
 - b. an Adjustments Budget approved by council.

A template of the certificate is available on National Treasury's website at:

http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx

9 Budget process and submissions for the 2013/14 MTREF

Over the past number of years there have been significant improvements in municipal budget processes. Municipalities are encouraged to continue their efforts to improve their budget processes based on all previous guidance provided and the Municipal Budget and Reporting Regulations. Municipalities are reminded that the IDP review process and the budget process should be combined into a single process.

9.1 Submitting budget documentation and schedules for 2013/14

To facilitate oversight of compliance with Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that **immediately** after an annual budget is tabled in a municipal council it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. So if the annual budget is table to council 29 March 2013, the final date of submission of the electronic budget documents is **Tuesday, 2 April 2013**. Hard copies must be received by no later than **Wednesday, 10 April 2013** including a council resolution in support of the tabled budget; and
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted **within ten working days** after the council has approved the annual budget. So if the council only approves the annual budget on 30 June 2013, the final date for such a submission is **Friday, 12 July 2013**, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and all the supporting tables (SA1 – SA37) and prescribed minimum narrative information in both printed and electronic format;
- the draft service delivery and budget implementation plan in both printed and electronic format; and
- in the case of approved budgets, the council resolution.

Municipalities are required to send electronic versions to lgdocuments@treasury.gov.za.

In the event that the file size exceeds 4 MB then please send it to lgbigfiles@gmail.com and notify the Local Government Database team via an e-mail (excluding the attachment) that the budget was submitted to the big files account.

Municipalities are required to send printed submissions of their budget documents and council resolution to:

For couriered documents

Ms Linda Kruger
National Treasury
40 Church Square
Pretoria, 0002

For posted documents

Ms Linda Kruger
National Treasury
Private Bag X115
Pretoria, 0001

After receiving tabled budgets, National Treasury and provincial treasuries will complete a compliance checklist. This checklist will indicate the level of compliance to the Municipal Budget and Reporting Regulations. A copy of the checklist will be sent to the municipality in order to facilitate improvements in the quality of tabled and approved budgets. Please review the municipality's performance last year, and ensure that the gaps are addressed.

9.2 Budget reform returns to the Local Government Database for publication

For publication purposes, municipalities are still required to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database. *The old formats may not be used to submit 2013/14 budget information.* All municipalities must migrate to using the aligned version of the electronic returns. All returns are to be sent to lgdatabase@treasury.gov.za.

Returns for the 2013/14 budget must be submitted to the Local Government Database by **19 July 2013**.

The new aligned electronic returns may be downloaded from National Treasury's website at the following link: http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx.

9.3 Publication of budgets on municipal websites

In terms of section 75 of the MFMA all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

9.4 Publication of municipal budgets on National Treasuries website

National Treasury publishes all the approved municipal budgets on its website. However, before publishing National Treasury verifies the correctness of the information submitted by municipalities by comparing the following three sources of information:

1. The Approved Budget, which is the municipality's budget in the format of Schedule A as approved by council (hard copy).
2. Schedule A1, which is the electronic version of the budget Tables A1 to A10, and supporting tables.
3. The Database budgets, which is the municipal budget generated from the information the municipality submits in the Budget Reform Returns.

The information in the Schedule A1 and the Database budget returns **MUST** reconcile with the Approved Budget as this is the budget that council has adopted and is therefore the legal basis for all revenue collection and expenditure activities within the municipality.

While only 112 municipalities managed to achieve this reconciliation in the 2011/12 financial year, 149 municipal budgets were aligned in the 2012/13 financial year. Efforts will continue to ensure all municipalities meet requirements and further improve the quality of budget information.

This process of ensuring these three sources of budget information reconcile is referred to as the Budget Verification Process. Municipalities must ensure that all these three sources of information are aligned upon finalising their budgets, and when submitting their budget information to the National Treasury and provincial treasuries. The National Treasury and provincial treasuries will again check for this alignment before publishing the municipal budgets in October 2013.

Contact



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post	Private Bag X115, Pretoria 0001
Phone	012 315 5009
Fax	012 395 6553
Website	http://mfma.treasury.gov.za/Pages/Default.aspx

JH Hattingh
Chief Director: Local Government Budget Analysis
12 March 2013

Annexure A – Changes to Schedule A1

As noted above, National Treasury has released Version 2.5 of Schedule A1 (the Excel Formats). It incorporates the following changes:

No.	Sheet	Amendment	Reason
1	SA8	Insertion of quantum of water and electricity losses.	Simplification of data gathering for mid-year assessment purposes.
2	SA22, SA23, SA24	Insertion of new footnote.	To clearly state that the personnel figures captured in the budget are only valid at the adoption date of the budget.
3	SA24	Insertion of new footnote.	To clarify that headcount figures must include budgeted vacancies and current staff in order to improve alignment of figures with the municipal organogram.
4	SA13	SA 13 has been split into two separate sheets – SA13a – Service Tariffs by Category SA13b – Service Tariffs by Category (explanatory).	To facilitate the collection of consistent information on municipal tariff structures.

ion Statement (Reconciliation: Budget and in-year performance)

[illegible]